UMDONI MUNICIPALITY

The JEWEL of the South Coast







ANNUAL REPORT
2012 - 2013

UMDONI MUNICIPALITY

ANNUAL REPORT

JULY 2012 - JUNE 2013



Values

Value	Value Statement
Integrity	Display a level of unquestionable honesty and ethics
Responsiveness	Work to improve the quality of life of all our communities
Dedicated	Be loyal and commited public servants
Efficiency	Ensure all actions are adding value to the seamless service delivery
Human Dignity	Show profound respect and observance to human rights of all our communities
Accountability	Be transparent and open about all our actions

CONTENTS

CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Mayor's foreword **2**

Executive summary

Municipal Manager's Overview 4

Municipal Functions, Population and Environmental Overview 8

Financial Health Overview 20

Organisational Development Overview 22

Auditor General Report

Statutory Annual Report Process

CHAPTER 2

GOVERNANCE 24

Political And Administrative Governance 25

Political Governance 25

Administrative Governance 27

Public Accountability And Participation 29

Public Meetings 29

IDP Participation and Alignment 30

Corporate Governance 38

Risk Management 43

Anti-Corruption and Fraud 52

Supply Chain Management 54

By-Laws 57

Websites 57

CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) 58

Basic Services

Waste Management: Refuse Collections, Waste Disposal, Street Cleaning and Recycling 59

Housing **62**

Free Basic Services and Indigent Support 65

Road Transport **66**

Stormwater Drainage 66

Vehicle Licensing 67

Planning And Development **69**

Building Control **69**

Planning 70

Local Economic Development (Including Tourism and Market Places) 71

Community & Social Services **72**

Libraries 76

Cemeteries 85

CONTENTS

Environmental Protection 96
Pollution Control 98
Bio-Diversity; Landscape (Open Spaces); And Other (Coastal Protection) 98
Security And Safety 100
Police 100
Fire & Disaster Management 102
Sport And Recreation **103**
Sportsfields, Beach & Community Facilities (Halls) 103
Corporate Policy Offices And Other Services 108
Executive and Council 108
Community Services Department 120
Technical Services Department 126
Municipal Managers Department 128
Corporate Services Department 129
Financial Services Department 132
Organisational Perfomance Scorecard **134**
Annual Performance Report 134

CHAPTER 4
ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)
Introduction To The Municipal Personnel 141
Employee Totals, Turnover And Vacancies 142
Managing The Municipal Workforce **142**
Policies 143
Suspensions 143
Capacitating The Municipal Workforce **144**
Skills Development And Training 144
Managing The Workforce Expenditure **145**
Employee Expenditure 145

CHAPTER 5
FINANCIAL PERFORMANCE 147
Statements Of Financial Performance 147
Statements Of Financial Performance 147
Grants 148
Asset Management 148
Financial Ratios Based On Key Performance Indicators 149
Spending Against Capital Budget **149**
Capital Expenditure 150
Sources Of Finance 150
Capital Spending On 5 Largest Projects 151
Basic Service And Infrastructure Backlogs – Overview 151

CONTENTS

Cash Flow Management And Investments 152
Cash Flow 152
Borrowing And Investments 152
Public Private Partnerships 152
Other Financial Matters **154**
Supply Chain Management 154
Grap Compliance 155

CHAPTER 6
AUDITOR GENERAL AUDIT FINDINGS 156
Auditor-General Opinion Of Financial Statements 156
Auditor General Reports (Previous Year) 156
Auditor-General Opinion Year (Current Year) **156**
Auditor General Report 159

"The 2012/13 Annual report has been prepared in accordance with the provisions of Section 121 of the Municipal Financial Management Act (MFMA), 56 of 2000, Section 46 of the Local Government Municipal Systems Act (MSA), 32 of 2000 and Circular no 63 of Provincial Treasury, and thereafter approved by the Municipal Council after following all the process prescribed by Section 129 of the MFMA. In compliance with the MFMA, this Annual report was tabled by the Mayor at a Municipal Council Meeting held on 30 January 2013, as prescribed by Section 127 of the MFMA, and was thereafter, in terms of Section 21(a) of the MSA, publicized for comments.

The Annual report was further considered by the Oversight committee which is also the Municipal Public Accounts Committee (MPAC), as directed by Section 129 of the MFMA, to assist the Municipal Council in considering the Annual report. The report of the Oversight is included in the Annual report and is therefore made public in terms of Section 21(a) of the MSA"

Mr XS Luthuli, Municipal Manager

APPENDICES

APPENDIX A: Councillors; Committee Allocation And Council Attendance

APPENDIX B: Committees And Committee Purposes

APPENDIX C: Third Tier Administrative Structure

APPENDIX D: Functions Of Municipality / Entity

APPENDIX E: Ward Reporting

APPENDIX F: Ward Information

APPENDIX G: Recommendations Of The Municipal Audit Committee Year

APPENDIX H: Long Term Contracts And Public Private Partnerships

APPENDIX I: Municipal Entity/ Service Provider Performance Schedule

APPENDIX J: Disclosures Of Financial Interests

APPENDIX K: Revenue Collection Performance By Vote And By Source

APPENDIX K (I): Revenue Collection Performance By Vote

APPENDIX K (II): Revenue Collection Performance By Source

APPENDIX L: Conditional Grants Received: Excluding Mig

APPENDIX M: Capital Expenditure – New & Upgrade/Renewal Programmes

APPENDIX N: Capital Programme By Project Year

APPENDIX O: Capital Programme By Project By Ward Year

APPENDIX P: Service Backlogs Experienced By The Community Where Another Sphere Of Government Is Responsible For Service Provision

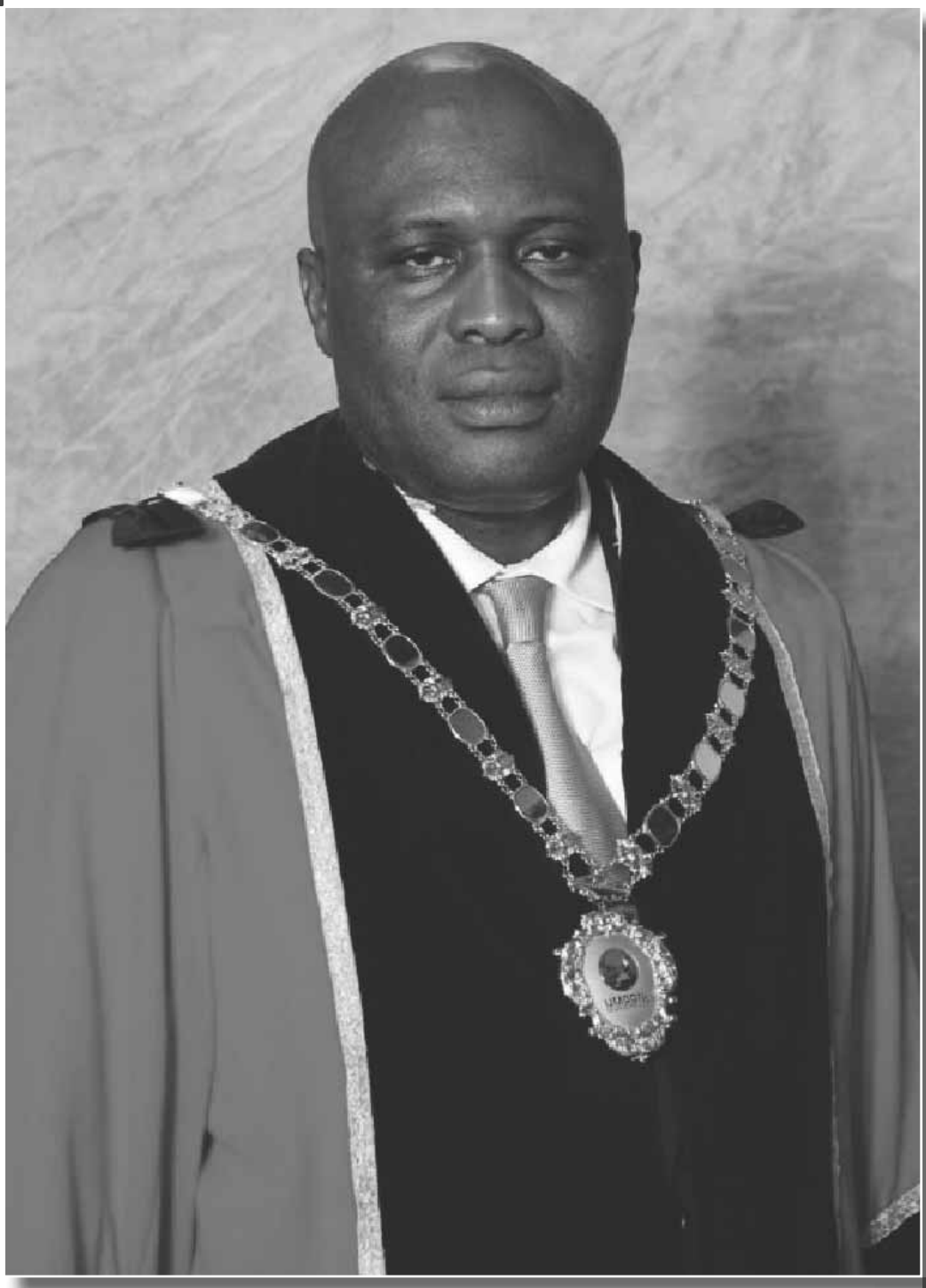
APPENDIX Q: Declaration Of Loans And Grants Made By The Municipality

APPENDIX R: National And Provincial Outcomes For Local Government

VOLUME II: Annual Financial Statements

CHAPTER ONE

MAYOR'S FORWARD & EXECUTIVE SUMMARY



CHAPTER ONE

MAYOR'S FORWARD & EXECUTIVE SUMMARY



HIS WORSHIP THE MAYOR: CLLR SSI KHWELA

MAYOR'S FORWARD

It is always a pleasure to write a foreword for Umdoni Municipality's Annual Report. The Annual Report encompasses some of the municipality's highlights, activities and the financial status of the year under review. Local Government and in particular the municipality is always at the coalface of service delivery expectation from the ratepayers and residents. This expectation is more so from the sector of population that had been neglected for generation.

Inspite of numerous challenges we at Umdoni can pride ourselves that we have risen to the occasion and delivered a reasonable level of service to the people. Obviously we would have liked to have done more and satisfy the needs of many more of our citizens but the reality is that, we, like everyone else have been constrained by limited financial resources.

Some of our achievements have been the completion of 1000 rural houses in the Amahlongwa (Ward 1) and Amandawe (Ward 5) areas. Tranche 1 planning stages of Phase 2 rural housing at Malangeni, Amahlongwa and Amandawe have been completed and it is envisaged that contractors will be appointed shortly to commence with the Tranche 2 construction stage. All the preparatory work has been completed and contracts will be shortly awarded for the construction of

500 houses at phase 1 of the 1900 housing units Farm Isonti, a slums clearance housing project.
Road maintenance in urban areas and upgrading of rural roads were given the requisite attention. Unfortunately, Umdoni was again ravaged by the disaster of heavy rains and storms which eroded and destroyed roads and infrastructure. Interaction with our communities was occasioned by our annual Mayoral Izimbizos which provided useful feedback.

A lot was also achieved by implementing the Sukuma Sakhe War Rooms in most wards to hear first-hand the plight of the vulnerable who were in dire need of government services, be it identity documents, social grants, housing etc.

I extend my gratitude and appreciation to the deputy Mayor, Speaker, member of the Executive Committee, Portfolio Committees, Council, all Councillors and the Municipal Managers and Officials for their efforts in service delivery and smooth administration of the municipality. I believe that with all of us working together we can achieve



CLLR SSI Khwela
HIS WORSHIP THE MAYOR

CHAPTER ONE

MAYOR'S FORWARD & EXECUTIVE SUMMARY



MUNICIPAL MANAGER:
MR XS LUTHULI

FORWARD FROM THE MUNICIPAL MANAGER

The year under review marks the beginning of my era as the new Municipal Manager of Umdoni Municipality. I came at a time when there have been significant changes in senior management, with the majority of senior managers having joined Umdoni Municipality in the middle of the year under review. Having been in the office just four months before the end of the financial year, this period and probably the better part of 2013/2014 is characterized by administration in transition. We have therefore used this period to try and reignite passion within the administration, define our strategic direction and build an administrative machine that is responsive to the service delivery needs of our communities.

I have inherited this administration from my predecessor Mr DD Naidoo who has left it in a relatively stable condition. Under his leadership in the past few years Umdoni Municipality has achieved unqualified audit opinion, which is an indication of good corporate governance and financial management. Our immediate challenge is to maintain and improve from where our predecessors left.

In our Council's strategic planning session the first 3 key service delivery

priorities identified were urban and rural roads network rehabilitation, provision of low cost housing and Local Economic Development. It is these Council priorities that continue to shape our strategic direction and inform our budget priorities in the years to come.

Unfortunately Umdoni Municipality like any other municipality in the developing country is faced with a dual challenge of having to ***provide infrastructure in the rural areas which were previously excluded and isolated as well as maintaining the existing infrastructure in urban areas.*** Umdoni has approximately 260 kilometers of tarred urban road network, of which the majority of these roads have reached their lifespan and require rehabilitation. Equally, certain rural areas are inaccessible due to the bad access roads conditions. Council decided to prioritize roads infrastructure during the forthcoming financial years because it understands that it is a good road network that will grow the economy. This also blends in well with our vision of wanting to position our coastal areas as the best tourist destination.

The second Council service delivery priority is the provision of low cost housing of which we have taken an approach of targeting to double our annual production / delivery targets if we are to make any significant dent in the housing backlog. We currently have more than 12 000 people in our housing demand list and this number is growing because of people migrating from neighboring villages in search of

CHAPTER ONE

MAYOR'S FORWARD & EXECUTIVE SUMMARY

job opportunities in our towns. Together with the KwaZulu – Natal Department of Human Settlements we will have to find innovative mechanisms to speed up service delivery and provide decent housing solutions.

The third service delivery priority is ***accelerating local economic development*** initiatives and interventions that will facilitate the development of a thriving local economy resulting in creation of job opportunities. The unemployment rate in Umdoni is estimated at just above 33%, which is a situation that necessitates that serious action be taken. Our focus in this regard will be to come up with innovative mechanisms that will create a conducive environment for massive investments in the local economy.

In our management strategic planning session we did an interesting introspection to identify our administrative strengths and weaknesses. The exercise was meant to reignite commitment and passion among all of us and strive for maximum performance which will ultimately lead in the acceleration of service delivery. The most notable findings which Management concurs need urgent attention are as follows;

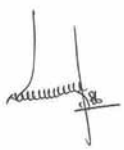
• Low productivity / performance levels across the board. There are obviously individuals that are hard workers and there are those who are not fully committed.

• Bloated staff complement. We are of the firm belief that we can yield the same if not better results with a lean but properly skilled workforce.

Our belief is that there is a need for a skills audit which will result in the placement of officials in correct positions and recruit suitably qualified and competent staff to vacant positions. This will obviously not be an event but a long process that will not necessarily lead to retrenchment but will do away with certain positions as they become vacant.

In his State of the Nation Address (SONA), His Excellency the President of the Republic of South Africa has urged all spheres of government to take visible steps in dealing with the triple challenges of poverty, unemployment and inequality. Umdoni Municipality as the sphere of government closest to the people takes this call very seriously and is developing programmes as direct interventions to address these triple challenges.

The year under review has not been a smooth one and it has come with challenges. The positive side of these challenges is that we have learnt valuable lessons from them and our skills have been sharpened to deal with similar challenges better in the future.



Mr XS Luthuli
MUNICIPAL MANAGER

CHAPTER ONE

MAYOR'S FORWARD & EXECUTIVE SUMMARY

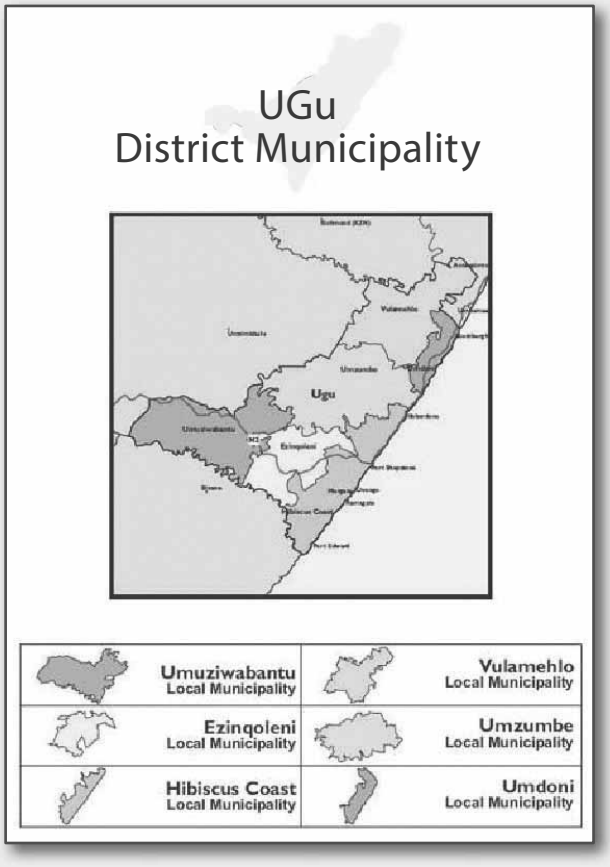
MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

UGu District Context

Umdoni Local Municipality (ULM) is located in KwaZulu-Natal within the Ugu District Municipality (DC21). The Municipality consists of 10 Wards with a geographical area of 238 square kilometers. It abuts eThekwini Metro to the north, and Umzumbe to the south, Vulamehlo to the west, making it almost halfway from Port Shepstone and Durban. The Municipality is therefore conveniently located about 50 km from Durban and 65 km from Port Shepstone. Umdoni has an approximate coastline of 40 km and stretches inland as far as Umzinto.

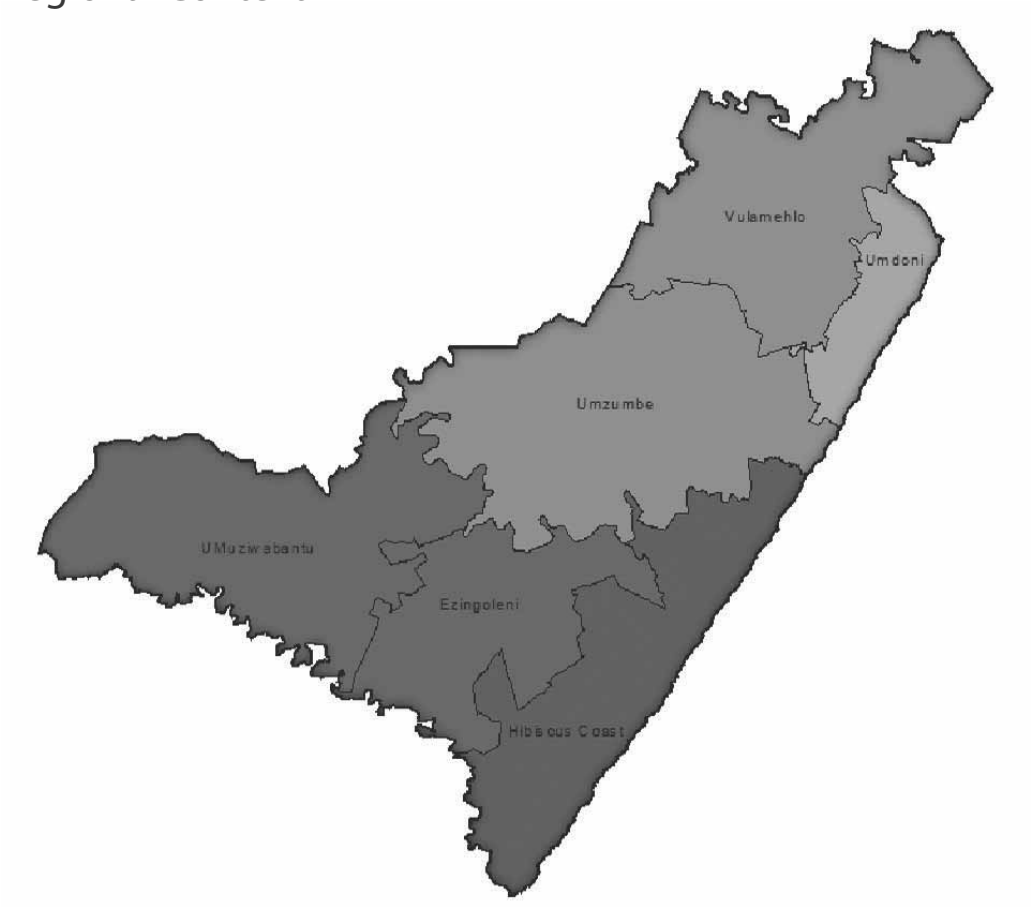


Map: 1: KZN Context



Map: 2: UGu District Context

Regional Context



Map 3: Umdoni Municipality Locality Map

Umdoni Municipality is strategically located along located along major route N2, R612 and R102 it serves as the gateway of Ugu District Municipality from the North. (Map 3)

CHAPTER ONE
MAYOR'S FORWARD & EXECUTIVE SUMMARY

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Biodiversity Hotspot

Umdoni Municipality falls under the Maputaland-Pondoland-Albany Hotspot Region an area described by Conservation International as "Biodiversity Hotspot". The hotspot's vegetation is comprised mainly of forests, thickets, bushveld and grasslands.



Figure Biodiversity hotspots

TERRESTRIAL BIODIVERSITY FEATURES

Within the terrestrial environment, two broad biomes are represented in the Umdoni Local Municipality, namely the Indian Ocean Coastal Belt and Forest.

VEGETATION AND HABITAT TYPES

EKZNW list three vegetation types as existing in the Umdoni Municipality namely South Coast Grassland, South Coast Bushland and KwaZulu-Natal Coastal Forests Mucina and Rutherford (2006) recognise the South Coast Grassland and South Coast Bushland as one vegetation type, CB3 KwaZulu-Natal Coastal Belt, which is described as a long, and in places, broad coastal strip along the KwaZulu-Natal coast, from near Mtunzini in the north, via Durban to Margate and just short of Port Edward in the south. Altitude ranges from about 20–450 m.

Only a very small part is statutorily conserved in the Ngoye, Mbumbazi and Vernon Crookes Nature Reserves which are outside of the ULM boundary. About 50% is transformed for cultivation,

by urban sprawl and for road-building. Aliens include Chromolaena odorata, Lantana camara, Meliaazedarach and Solanum mauritianum. Erosion is low and moderate. Apart from South Coast Grassland, a type upheld by EKZNW, there are occurrences of KwaZulu-Natal Sandstone Sourveld within the ULM, not only as cited in the Vernon Crookes Nature Reserve beyond the municipal boundaries. These occurrences are where there is underlying Natal Group Sandstone geology. There is a small patch on the Ellingham Estate and more extensive occurrence above the Mpambanyoni River. Some of the grassland on the western edge of the ULM is also likely this type. There is also Ngongoni Veld in the area which occurs along the Mpambayoni River as well as on the western edge of the ULM.

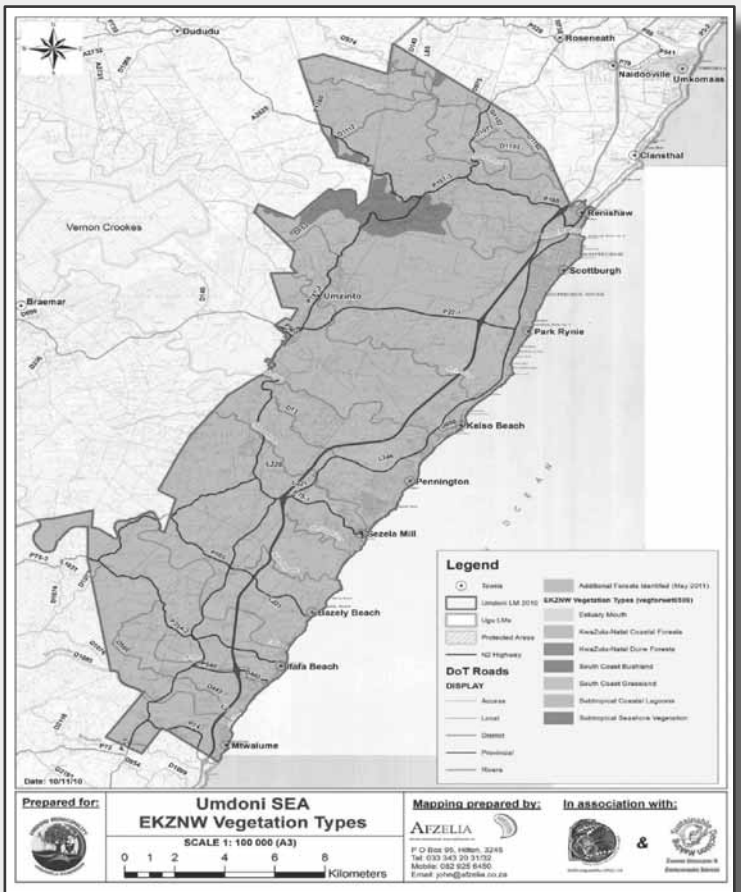
Other alien invasive plants that are prolific in the Umdoni Municipality are Spanish Reed Arundo donax, Brazilian Pepper Schinus terebinthifolius and Castor Oil plant Ricinus communis.). It is noted that the Pereskia (Barbados Gooseberry) is slowly getting out of control and taking over pristine forests. The Municipality is actively pursuing an eradication campaign and yet by all accounts they are unable to keep pace with the infestation. The other area is the recent proliferation of aliens such as gum trees in the various waterways (the iFafa and Umzinto systems in particular) yet.

The Forest component can be more refined into Indian Ocean Coastal Belt Forest, Dune Forest, Coastal Lowlands Forest and Swamp Forest. An additional category, namely Coastal Scarp Forest occurs in the Vernon Crookes Nature Reserve and needs to be noted here from the perspective of potential ecological corridors.

CHAPTER ONE

MAYOR'S FORWARD & EXECUTIVE SUMMARY

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW



Map 8: Umdoni Vegetation types: Source Umdoni SEA

MUNICIPALITY	POPULATION GROWTH RATES (2001-2011)				
Umdoni	Growth Rate			2.35%	
	Population by Gender				
	Male	38,294			
	Female	40,581			
	Black	Indian/Asian	White	Coloured	Other
	60,514	10,507	6,704	919	231
	Total Population	78,875			

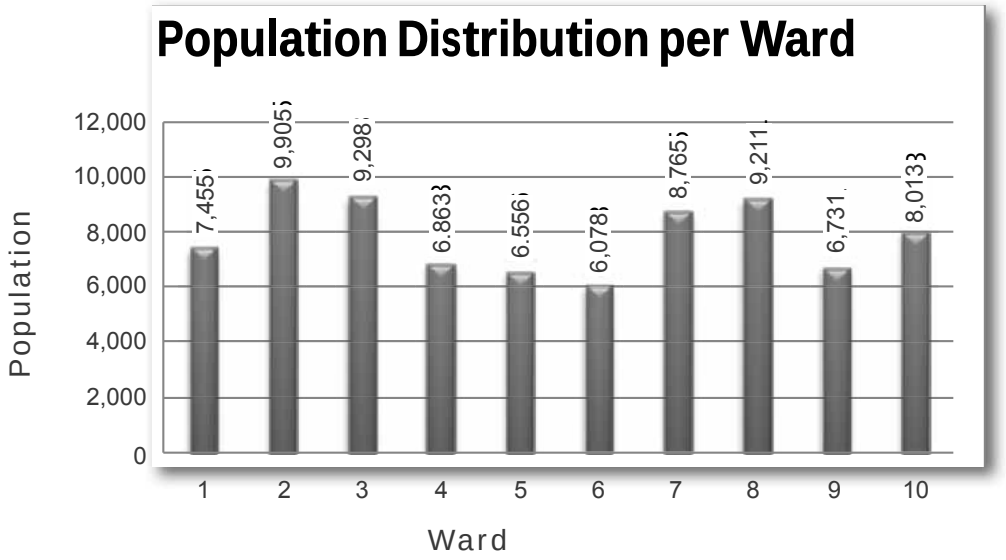
Source: Statistic South Africa 2011

Population

Umdoni Municipality has a total population of approximately 78 875 which constitutes of 40 581 of that population being female and 38 294 being male from the total population. The Municipality has a total number of 22 869 of households.

POPULATION DISTRIBUTION

The figure below indicates the population distribution in Umdoni per ward. This figure shows that population is spread unevenly throughout the municipality with some municipal wards 2, 3, 7 and 10 largest number of people. The majority of the population resides in urban wards which establish Umdoni as a predominantly urban municipality.



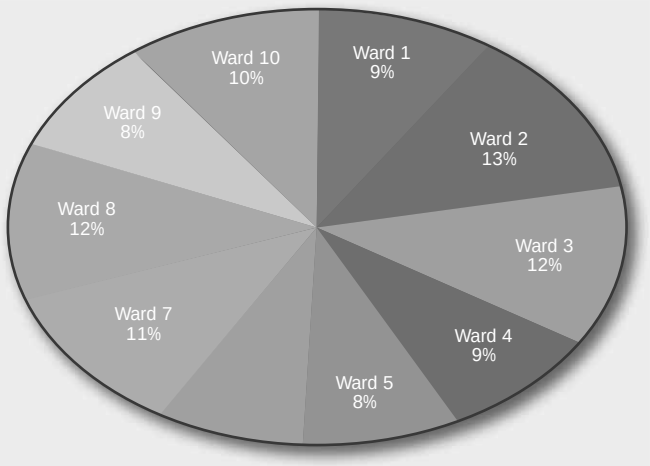
It is evident from the graph above that the population of ward 2 is the highest in the municipality. Ward 2 is further the largest ward, and subsequently not as densely populated as the other wards.

CHAPTER ONE

MAYOR'S FORWARD & EXECUTIVE SUMMARY

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Umdoni Ward Population %s



POPULATION COMPOSITION

The population of Umdoni Municipality is dominated by Africans who constitute 76.73% of the population while Whites, Coloureds and Indians / Asians are the minority in the district.

The Municipality is the most racially mixed municipality in the district with Whites making up 8.6% of the population, while Coloureds and Indians constitute 13.3% and 1.2% of the population respectively.

Population Distribution by population group

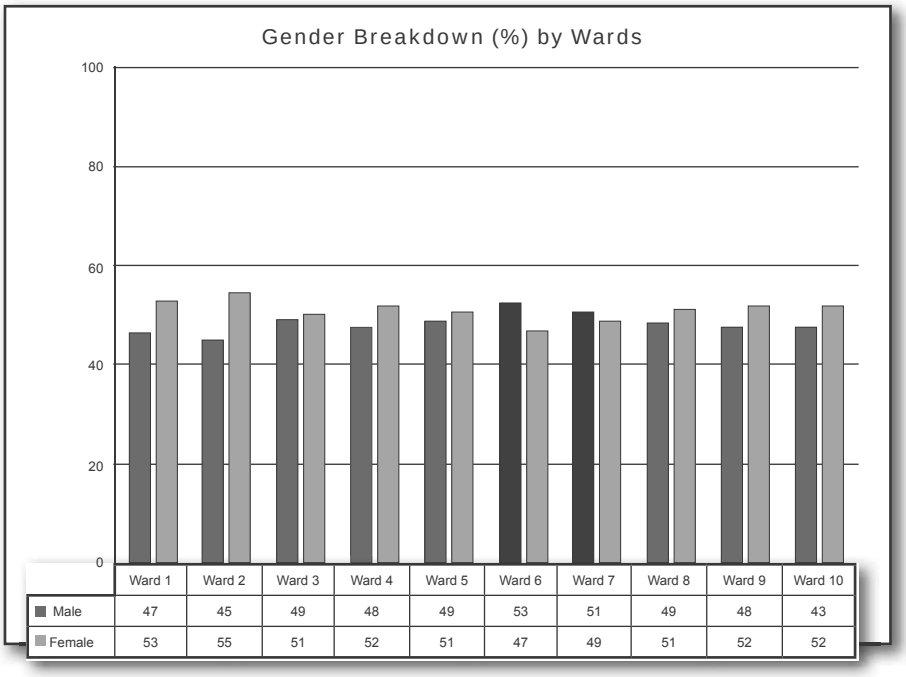
Population Group	1996 Census	2001 Census	2011 census	Population Group by %- 2011
BLACK	33929	43275	60,514	76,73%
COLOURED	767	724	919	1,1%
INDIAN/ASIAN	12516	12338	10,507	13,3%
WHITES	6634	5956	6,704	8,6%
OTHER			213	0,27%
TOTAL POPULATION	54220	62293	**78 857**	**100%**

Source: Stats SA 2011

Gender

The Census 2011, as illustrated in the table below, recorded that females make up the majority of population in the municipality with a male: female ratio of 100:118. This is higher than the national (100:111) and provincial (100:107) ratios indicating that the population of the district is more female than the province and the country. This is in line with the population growth figures shown earlier indicating an out-migration in the district. Women, especially in rural areas such as Sisonke's, tend to remain behind looking after the children while males leave to look for work opportunities elsewhere. Again suggesting a need for the adoption of gender sensitive development strategies.

Figure: Gender Breakdown per Ward



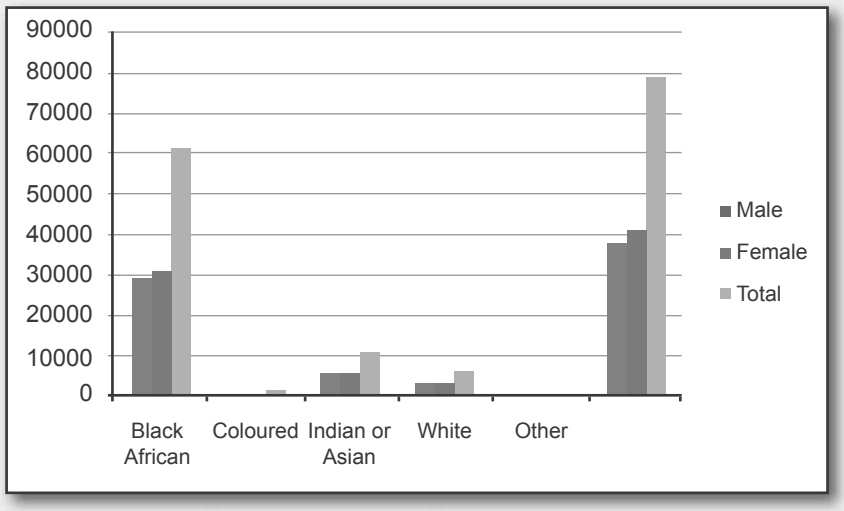
	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7	Ward 8	Ward 9	Ward 10
Male	47	45	49	48	49	53	51	49	48	43
Female	53	55	51	52	51	47	49	51	52	52

CHAPTER ONE

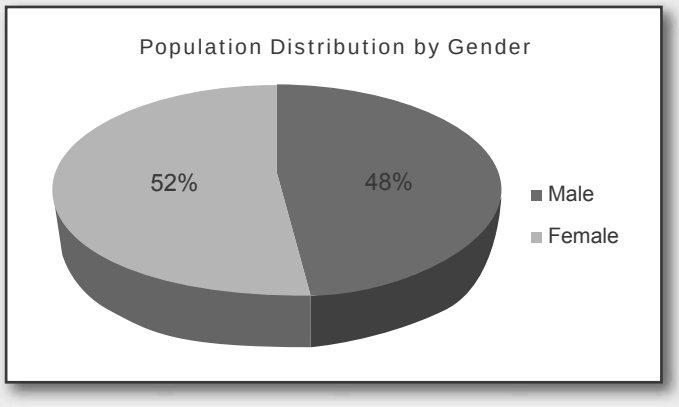
MAYOR'S FORWARD & EXECUTIVE SUMMARY

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Figure: Population group by Gender

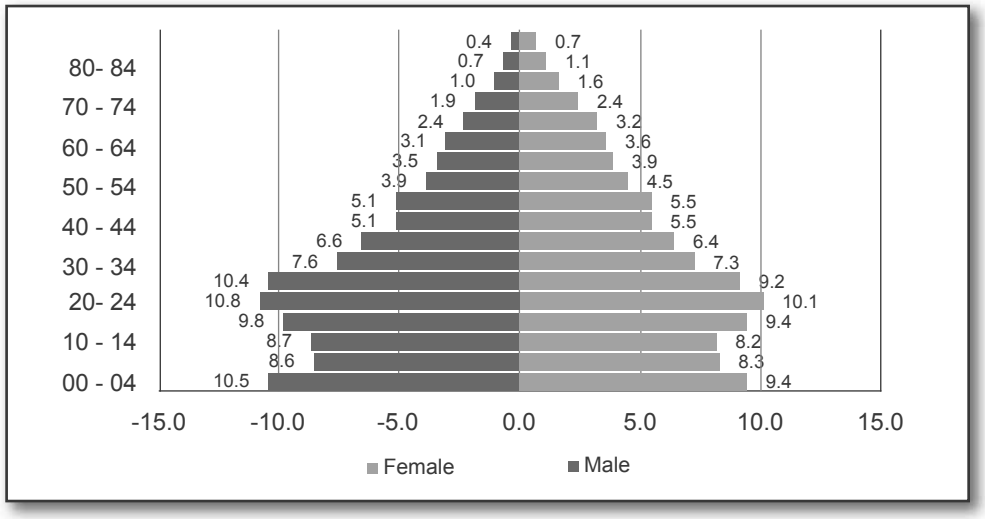


Source: STATS SA 2011 1



The figure above depicts that the population of Umdoni Municipality is dominated by the youth (15 to 34 years of age) which more than the total population. When looking at the age and gender distribution within the municipality it is clear that the economically inactive population is far more than the rest of the age groups.

Population: Percentage distribution of the population in five-year age group by sex, Umdoni Local Municipality, Census 2011



The high number of potentially economically active persons creates a growing labour pool. The constant availability of labour is an essential element in economic growth, which is considered as being important development opportunity for establishing a more area and local economic base.

The Umdoni youth segment of the population has a large population, and total number of people under the age of 19 years accounts for 28 704 (36%) of the total population, and the population that is 34 years and younger comprises 21 798 (28%) of the total population. The age group 35-69 years comprises of 24 529 (31%) of the total population and the remaining age group of 70 years and older only comprises of only 3 844 (5%) of the total population.

On the other hand this could have serious implications in terms of development planning and requires the development and implementation of programmes addressing the needs of a youthful population which may include educational facilities, creation of job opportunities and improving access to social facilities. Most importantly, emphasis should be paid to promoting a positive living and managing the devastating impact of HIV/AIDS.

CHAPTER ONE

MAYOR'S FORWARD & EXECUTIVE SUMMARY

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

DEPENDENCY RATIO

The United Nations Development Programme (UNDP) defines the dependency ratio as the ratio of the sum of the population aged 0-14 and that aged 65+ to the population aged 15-64. The child dependency ratio is the ratio of the population aged 0-14 to the population aged 15-64. The old-age dependency ratio is the ratio of the population aged 65 years or over to the population aged 15-64. All ratios are presented as number of dependants per 100 persons of working age (15-64).

This means that a dependency ratio of 0.5 implies that for every 100 people that are economically active 50 are dependents.

POPULATION DENSITY

The number of persons per square kilometer (1 km²) is 285. The population density for the province is about 102 persons/1 km². Such a very high-density figure is indicative of a relatively small area and an exceptionally high urbanization level, with an economically specialized city population drawing also on rural resources outside the area. There definitely might be a high degree of over-population taking place. According to the IDP of the Umdoni Municipality the 15% of the population resides in the urban coastal strip, 15% on commercial farms, and 70% in traditional rural areas.

Socio-Economic Demographics

Table: Employment Profile

PROFILE	NUMBER OF PEOPLE	PERCENTAGE
EMPLOYED	16,698	21%
UNEMPLOYED	8,337	11%
DISCOURAGED WORK-SEEKER	3,869	5%
NOT ECONOMICALLY ACTIVE	22,755	28%
NOT APPLICABLE	27,217	35%

Source: Statistic South Africa 2011

Employment Profile by Age Groups

PROFILE	0-10	11-19	20-34	35-49	50-69	70-120
EMPLOYED	-	424	7429	3619	2826	-
UNEMPLOYED	-	867	4902	1964	605	-
DISCOURAGED WORK-SEEKER	-	350	2319	950	250	-
NOT ECONOMICALLY ACTIVE	-	5926	7449	4207	5173	-
NOT APPLICABLE	15691	5447	-	-	2235	3844

Source: Stat SA 2011

The unemployment rate was 42% in 2001, 25% in 1996 and 11% indicates a roughly decrease in unemployment (from 1996 to 2001). The level is also slightly higher than the current national estimates of unemployment, using the expanded definition, which is around. The statistic is particularly concerning as the labour absorption rate of the local economy is not promising. A further issue is that if the economy moves away from employment in the primary sectors towards secondary and tertiary sectors (such as manufacturing and tourism), then the unemployed may become unemployable if they do not have the skills profile required.

The employment profile of Umdoni Municipality indicates that the employed population accounts to 16 698 (21%) from the economically active. The remaining 8,337 (11%) of the total population are unemployed. On the other hand 3,869 (5%) of the total population are discouraged work seekers and 28% (22,755) are not economically active.

This could be results of limited and irregular household income, inadequate levels of education and training.

CHAPTER ONE
MAYOR'S FORWARD & EXECUTIVE SUMMARY

FINANCIAL HEALTH OVERVIEW

Employee costs have been identified as high and above the norm. Plans have been developed to ensure that this is reduced within the next two years. In addition , an increased focus has been placed on repairs and maintenance to ensure maximum community benefit from the assets of the municipality.

Capital Expenditure

Detail	2012/2013	2011/2012
Original Budget	27,486,050	115,736,299
Adjusted Budget	38,454,120	113,482,887
Actual	29,895,689	74,843,779

Capital expenditure has decreased in the year under review. This is due to the completion of flood disaster project which occurred in the prior year.

Under spending on the approved budget is becoming a concern which will be closely monitored in the 13/14 year.

DEPARTMENTAL OVERVIEW: ROLES & RESPONSIBILITIES FOR SERVICE DELIVERY OVERVIEW

Corporate Services	Legal and Estates Human Resources Communications Information Technology Administration Occupational Health and Safety
Community Services	Special Programmes Community Facilities Protection Services Beach Section Library Section Human Settlements
Financial Services	Supply Chain Management Budget & Compliance Income Expenditure
Planning & Development	Local Economic Development Rural Development Town Planning Building Control Integrated Development Planning & Performance Management Systems Strategic Planning
Technical Services	Infrastructure Maintenance: · Roads and Stormwater · Building Maintenance Workshop Environmental Management: · Parks and Gardens · Waste Management Project Management Unit(PMU)

CHAPTER ONE

MAYOR'S FORWARD & EXECUTIVE SUMMARY

2012/13 ANNUAL REPORT DEVELOPMENT PROCESS

In terms of Section 121 (Preparation and adoption of Annual Reports) of the Municipal Finance Management Act, 2003, every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this chapter. The council of a municipality must within **nine** months after the end of the financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shares control in accordance with Section 129.

The Act clearly stipulates the purpose and contents of the annual report with the timeframes and submissions to the Auditor-General until it reaches adoption and printing stage/s.

A development process has been drawn-up in preparation of the 2012/13 Annual Report clearly outlining the time frames and stages that the document has to go through before reaching its finality.

NO	ACTIVITY	RESPONSIBLE PERSON	TIME FRAME
1	Submission of performance information to AG	HoDs	31 July 2013
2	1st MPAC/Oversight meeting to consider the 1st draft	GM Corp	August 2013
3	Submission of the 1st Draft Annual Report to Auditor-General	GM Corp	30 August 2013
4	Capturing of photographs for the pictorial component of the Annual Report	Appointed Service Provider	1 August 2013
5	Editing of the Draft Annual Report	Service Provider and GM Corp	13 September 2013
6	Submission of the 1st Draft to Top Management Meeting	GM Corp	September MANCO
7	Second round of editing of the annual report by the Task Team and production of the first draft report	Service Provider and GM Corp	17/18 October 2013
8	2nd MPAC/Oversight meeting to consider the 1st draft	GM Corp	October 2013
9	Appointed service provider for the printing, graphics design and layout of the report	GM Corp	4 November 2013
10	2nd MPAC/Oversight to assess changes on the 1st draft	GM Corp	November 2013
11	1st Draft from printers received and circulated and considered by MPAC	GM Corp	6 December 2013
12	Tabling of the draft Annual Report to Council	GM Corp	29 January 2014
13	Submission of the draft Annual Report to the Auditor-General	GM Corp	29 January 2014
14	Public comments period	GM Corp	30 January 2014 – 28 February 2014
15	Final Review by Top Management	GM Corp	Special MANCO
16	Oversight report developed	Chairperson of the Oversight Committee	7 March 2014
17	MPAC/Oversight to consider the final draft before Council	GM Corp	7 March 2014
18	Adoption of the Annual Report and Oversight Report by Council	GM Corp	26 March 2014
19	Final perusal & sign off by A-G on Audit Report in Annual Report	MIA – OMM	22 March 2014
20	Posting of final Annual Report on website	GM Corp	27 March 2014
21	Submission and circulation of the printed annual report together with the oversight report to Council, relevant organs of state, stakeholders and institutions	GM Corp	April 2014

CHAPTER TWO

GOVERNANCE



POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political Governance: The Political Leadership

Umdoni Municipality consists of 19 Councillors which form Umdoni Council. The Executive Committee (EXCO) which is made up of the Mayor, Deputy Mayor, Speaker and one Member, reports directly to the full Council.

In terms of Section 9 of the Municipal Structures Act, three portfolio Committees were established with the reporting line to EXCO. Council nominated chairpersons of each portfolio Committee. Each Committee has its own terms reference. Their core function is to look at specific issues that relate to each portfolio committee. The portfolio committees deliberate issues and then make recommendations to EXCO to take decision. Council and EXCO meet monthly.

The Executive Committee



MAYOR: CLLR SSI KHWELA (WARD 5)



DEPUTY MAYOR: MR MO ZAMA (WARD 4)



SPEAKER: CLLR P NAIDOO (PR WARD) (EX-OFFICIO)



EXCO MEMBER: CLLR EV BAPTIE (PR WARD)

CHAPTER TWO

GOVERNANCE

Councillors



WARD 1 CLLR MN MAPHUMULO



WARD 2 CLLR BMW MTHETHWA



WARD 3 CLLR S BHOOLA



WARD 6 CLLR TH NGCOBO



WARD 7 CLLR G NYUSWA



WARD 9 CLLR LN MYENDE



WARD 8 CLLR BJ MTOLO



WARD 10 CLLR KK ARMUGAM



PR CLLR DP GAMBUSHE



PR CLLR TH ZONDI



PR CLLR GH MYENDE



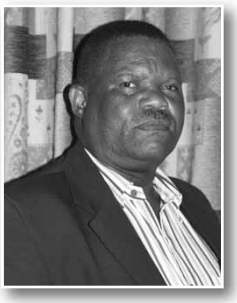
PR CLLR SD MDLULI



PR CLLR SOOKHRAJ



PR CLLR QT GUMEDE



PR CLLR JM NDLELA D

ADMINISTRATIVE GOVERNANCE

THE MANAGEMENT TEAM



MUNICIPAL MANAGER:
MR XS LUTHULI



GMFS:
MR A NUNKUMAR



GMP&D:
MRS C VEZI



GM COMM (A):
MR S ZAMISA



GMCS:
MR SG DLUDLA



GMTS:
MR N MANYATHI



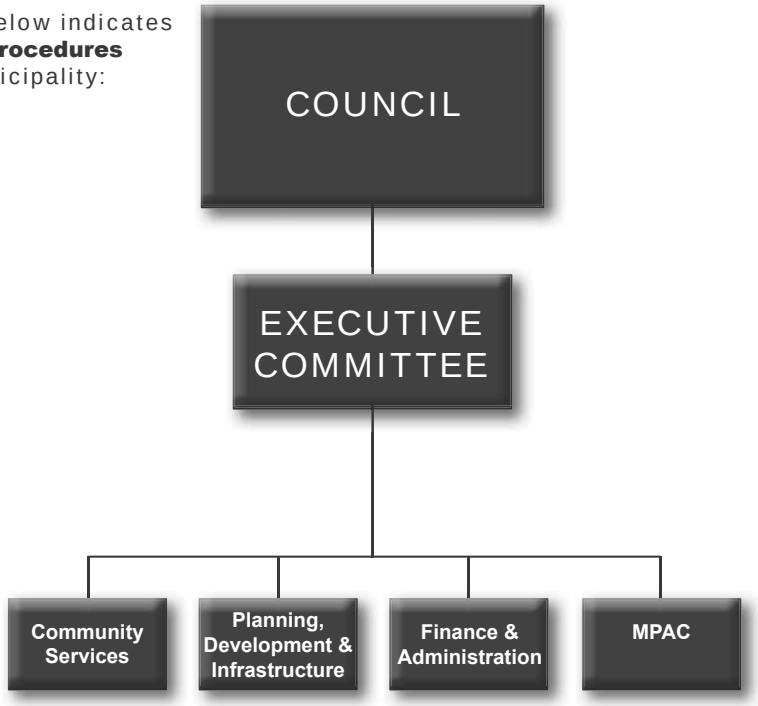
MIA:
MRS L HARRISINGH

As depicted in the diagram below, Umdoni Municipality has five departments; each department is headed by the General Manger who reports directly to the Municipal Manager. The position of the General Manager Community Services became vacant in March 2013 when the Head of Department resumed the duties of a Municipal Manager. The Department was placed under the capable hands of Mr S Zamisa who acted in the position.

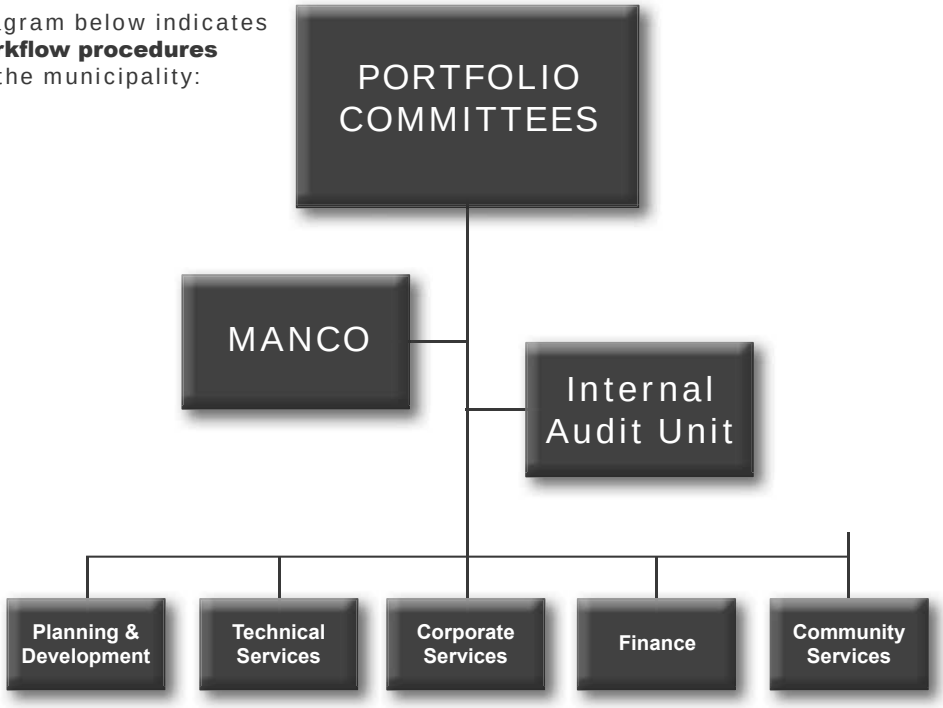
CHAPTER TWO
GOVERNANCE

COUNCIL PORTFOLIO COMMITTEE

The diagram below indicates **the workflow procedures** within the municipality:



The diagram below indicates **the workflow procedures** within the municipality:



PUBLIC ACCOUNTABILITY AND PARTICIPATION

Mayoral iZimbizo 2012/13

As part of the Public Participation Programme, Umdoni Municipality holds its Mayoral Izimbizos annually. The aim is to obtain feedback from the communities on service delivery matters and the well-being of the Municipality. This approach seeks to reinforce continuous public participation.

The programme is done in partnership with the Ugu District Municipality and all government departments within the jurisdiction of the municipality, thus promoting co-operative governance. This programme promotes the transmission of Service Delivery to the communities, whose matters and issues are addressed at the venue, saving them the trouble of travelling long distances.

DATE	WARD/COUNCILLOR	VENUE	TIME
26 November 2012	Amandawe: Ward 4 – Cllr MO Zama	Amandawe Community Hall	10H00
27 November 2012	Olwasini: Ward 2 – Cllr BM Mthethwa	Olwasini Sportsfield	10H00
05 December 2012	Amahlongwa: Ward 1 – Cllr MN Maphumulo	Mgobhozini	10H00
06 December 2012	Malangeni: Ward 8 – Cllr BJ Mtolo	Nkombo Sportsfield	10H00

CHAPTER TWO
GOVERNANCE

IDP/Budget Road Shows 2013/14:

In terms of Chapter 4 of the Municipal Systems Act, the Municipality is to consult the public with an aim to obtain inputs to the proposed budget, as well as IDP which is a 5 year strategic plan document of the municipality with all projects that are set to take place during the years.

The IDP & Budget Roadshows were held in partnership with our Ugu District Municipality as follows:

DATE	WARD/COUNCILLOR	VENUE	TIME
11 April 2013	Malangeni: Ward 8 - Cllr BJ Mtolo	Malangeni MPCC	10H00
11 April 2013	Scottburgh: Ward 5 - Cllr SSI Khwela	Scottburgh Town Hall	15H00
12 April 2012	KwaCele: Ward 2 - Cllr BM Mthethwa	Inkosi Mkakwa Community Hall	10H00
12 April 2012	Umzinto: Ward 3 - Cllr TH Ngcobo	Umzinto Town Hall	15H00

Ward Committees

The roles and responsibilities of Ward Committees are described and applied according to Ward Committee policies and legal framework.

The Municipal Structures Act provides for the establishment of Ward Committees. These structures are created to assist the Ward Councillors to carry out their mandate. Ward Committees are intended to deepen democracy & accountability and ensure a healthy social contract between communities and Municipal Government.

The main roles of the Ward Committees are as follows:

a) To monitor the performance of the municipality and raise issues of concern in the local wards
b) To increase the participation of local residents in municipal decision making, as they are a direct and unique link with the Council
c) They are a representative of the local ward and are not politically aligned
d) They are involved in matters such as the Integrated Development Planning process, Municipal Performance Management Systems, Annual Budget/s, Council Projects and other activities and programmes, as all these things impact local people
e) They assist in community awareness campaigns as they understand and know the needs of the communities

Established and Fully-Functional ward Committees

Umdoni Municipality comprises of 10 Wards, rural and semi-rural components. The Ward Committees consists of 10 members that represent different sectors of civil society. The Ward Councilor is the Chairperson for that particular Ward. A Secretary is appointed by the respective Ward/s to perform the administrative functions of the Ward Committee.

As per Regulations and Guidelines for Ward Committees, all Committees are required to meet once every quarter (totaling 4 meetings per annum), and an additional two or more constituency meetings. Public meetings are convened as and when required by the Councillor to report back to the community on issues that affect the people.

For the period of July 2012 to June 2013 a total of 33 Ward Committee meetings and 15 Public meetings were convened.

CHAPTER TWO
GOVERNANCE

Schedule of Ward Committee Meetings:

WARD	JUL 12	AUG 12	SEPT 12	OCT 12	NOV 12	DEC 12	JAN 13	FEB 13	MAR 13	APR 13	MAY 13	JUN 13
1		24					26					9
2	15					30				7		30
3		16				6			20			2
4		24				14			14			
5		23				20						
6	25						22		22			
7				7			27		24			
8			18			3			25			
9			3		25			15			26	
10	19			18				5			28	

Schedule of Public Meetings:

WARD	JUL 12	AUG 12	SEPT 12	OCT 12	NOV 12	DEC 12	JAN 13	FEB 13	MAR 13	APR 13	MAY 13	JUN 13
1		24										
2			2 & 9				24		10 & 3			
3												
4	29									21		
5												
6							26		22			
7			23					24				
8	15							3				
9										28		
10												

Ward Committee Members:

1	WARD CLLR	MAPHUMULO	MARTIN NTOKOZO GREGORY
	WC MEMBERS	SHAZI	SANELE OSCAR
		ZAMA	S'FUNDO PROFFESSOR
		KHAWULA	LINDENI NTOMBIZODWA
		MGOBHOZI	BEAUTY NANA
		MSABALA	THULISILE HILDA
		NGCOBO	SGWILI PHILLIP TREVOR
		MBHELE	THULANI MZIWENDODA
		NDLOVU	SIYABONGA INNOCENT
		MAJOLA	SMAKAHLE
		DLAMINI	THEMBA FRANCIS
2	WARD CLLR	MTHETHWA	BHEKISISA MICHAEL CHARLES
	WC MEMBERS	SHOZI	JEROME SENZO
		GAMBUSHE	PHINDOKUNYE EDENDALE
		KHOMO	PATRICIA
		SHANGE	SKHUMBUZO
		KHUZWAYO	BUSISIWE ROSE
		MKHUNGO	MOSES SITHEMBISO
		MTHETHWA	MHLAKAZA SIMON
		NGCOBO	MFANINJANI JOSEPH
		MSANI	THABILE PETRONELLA
		MTHEMBU	ERIC NDAWOYATHE
3	WARD CLLR	BHOOLA	SHRITHA
	WC MEMBERS	PERMRAJEE	AVINAND
		SOMFIYANA	SIPHIWO ERIC
		MKHIZE	SINSISIWE ANGEL
		NAICKER	RAJENDREE
		SOOKHRAJ	SHAMILA
		MOODLEY	GOPAUL MUNSAMI
		RAMPEAR	RAKSHA
		NONGOGO	GLORIA
		MGWABA	GRACE NOKUTHULA
		NYAWOSE	SIPHO CHARLES

CHAPTER TWO
GOVERNANCE

Ward Committee Members:

4	WARD CLLR	ZA MA	MAVELA OSCAR
	WC MEMBERS	BRIJRAJ	RESHWANT
		MKHUNGO	BALUNGILE ZIBAUYILE
		TENZA	MUZIWAKHE MICHAEL
		GAMA	THEMBINKOSI MARTIN
		MSABALA	NONHLANHLA THOKO
		DE KLERK	NICK
		NYAWOSE	DOREEN FIKILE
		CHILIZA	SILINDILE CHARITY
		ZWANE	SAKHILE
		MANQA	SIMPHIWE
5	WARD CLLR	KHWELA	SIYABONGA STEVEN ISRAEL
	WC MEMBERS	LUTHULI	ZIBA ARMSTRONG
		MBUTHO	JEYIBI
		NGCOBO	SISIE RUTH NONHLANHLA
		PILLAY	VERNON NICHOLAS
		KHWELA	M J
		FOURIE	JOHHANNES CHRISTOPHER
		MKIZE	NKANYISO BRIGHTMAN
		MSANI	BIGBOY AUBREY
		MAKANJEE	DIRANDRA
		SHABANE	ZIBUYILE BEAUTY
6	WARD CLLR	NGCOBO	THEMBA HERCULES
	WC MEMBERS	RAMPERSAD	RANJITH
		AUTAR	SURESH CHRISTOPHER
		KHAN	NAFFISA BEBE
		LUSHOZI	SBONISILE P
		RANGASAMY	SOOBRAMONEY
		VEERIAH	RUFUS N
		CELE	SBONISO HENDRY
		BHENGU	LUNGILE W
		SIXHASO	MELLISA NOLUVUYO
		MLITWA	SYLVESTER SINDI

Ward Committee Members:

7	WARD CLLR	NYUSWA	GUGU HAZEL
	WC MEMBERS	MTHWANE	WELCOME STEMBISO
		KHABELA	NOKUTHULA YVONNE
		NGCOBO	NCOMEKLE SYBEL
		NGUBO	NTOMBIFUTHI GENEROSA
		ZINDELA	SIBUSISO ALFRED
		GANI	AYANDA EUROPE
		GUMEDE	MUNTU ENOCK
		MARIMUTHU	MICHAEL
8	WARD CLLR	MTOLO	BHEKITHEMBA JOSEPH
	WC MEMBERS	MBAMBO	KHAYA WELCOME
		NYAWOSE	SHEDRECKER MDAKHI
		KHUZWAYO	SILINDILE CAROL
		SABELA	NITHINI BRIDGETTE
		GUMBI	KHANYISILE FLOMENCIA
		MYENDE	GUGULETHU CONSTANCE
		MYENDE	NHLANHLA NIMROD
		MBHELE	PANA RICHARD
		MYENDE	NOMKHOSI BINISIWE
		SHANGE	SBAHLE CHARITY
9	WARD CLLR	MYENDE	LIZZY NOKULUNGA
	WC MEMBERS	CHILIZA	LINDELANI
		VEZI	THEMBISILE A
		LANGA	NELSON NHLANHLA
		SHOZI	MTHOBISI PROFESSOR
		NGUBO	THOKOZANI ESTHER
		KHUMALO	PRETTY K
		MHLONGO	DUMISILE PRUDENCE
		GUMEDE	THULASIZWE D
		MAPHUMULO	SYDNEY SKHUMBUZO
		MHLONGO	REGINA NTOMBENHLE
	WC MEMBERS	NAGAN	LESLEY
		NDLOVU	THULEBONA BASIL
		EDGSON	ADRIENNE FRANCES
		GOVENDER	SELVARANI
		MZULWINI	CYPRIAN KHETHUKUTHULA
		COOPER	ALLAN
		MBEJE	BONGA
		GOLL	OLIVE MAY
		JONES	GLYN

CHAPTER TWO
GOVERNANCE

SPECIAL COUNCIL FUNCTIONS

Official Openings: Inkosi Mkakwa Community Hall & Dr John Langalibalele Dube Centre

The official opening of Inkosi Mkakwa Community Hall was held on the 15th November 2012. The KZN MEC for Human Settlements & Public Works, MPL RR Pillay was the Guest of Honour.

The project was a result of the community consultative sessions which were held and a request was placed for the need of a community hall by the Community.



INKOSI MKAKWA COMMUNITY HALL IN WARD 2



DR JOHN LANGALIBALELE DUBE CENTRE IN WARD 6

The Municipality in partnership with the KZN Department of Social Development held an Official Opening of the Dr John Langalibalele Dube Centre.

The Centre was officially opened by the MEC for Social Development, Mrs GW Thusi and the Dube Family. The Opening Ceremony was highlighted with different traditional parades that shone on the streets of Umzinto. This facility is one of the top class facilities in Umdoni and will contribute positively in the lives of the people.

Awards Ceremony in Honour of 2012 Matriculants

In honour of the 2012 Matriculants, the Mayor: Cllr SSI Khwela awarded students who obtained 5 A's and above from their year-end results. 11 Students from different high schools within Umdoni were awarded at the Awards Ceremony that took place on Friday, 1st February 2013 at Scott burgh Town Hall.

In attendance were Councillors, parents as well as the Department of Education. It was for the first time that Council held an event of this nature.

Operation Hlasela & Moral Regeneration

This event was held on 9th April 2013 at KwaCele Sportsfield which was organised by the KZN Department of Community Safety and Liaison, led by MEC Willies Mchunu. The KZN MEC for Social Development, MPL Weziwe Thusi and KZN MEC for Health, MPL Sbongiseni Dlomo were also part of this event. The event aimed at addressing issues of vigilantism and Child & Women abuse that seem to be increasing in Umdoni.

Provincial Budget Roadshow

The Provincial Budget Roadshow was held on 30th of April 2013 at Malangeni Sportsfield by the KZN Department of Finance. This event started with the Business breakfast that was held at Karradene Protea Hotel and later a community event at Malangeni Sportsfield. Both events were graced by the presence of KZN MEC for Finance, MPL Ina Cronje.

Sod turning of Farm Isonti Housing Projects

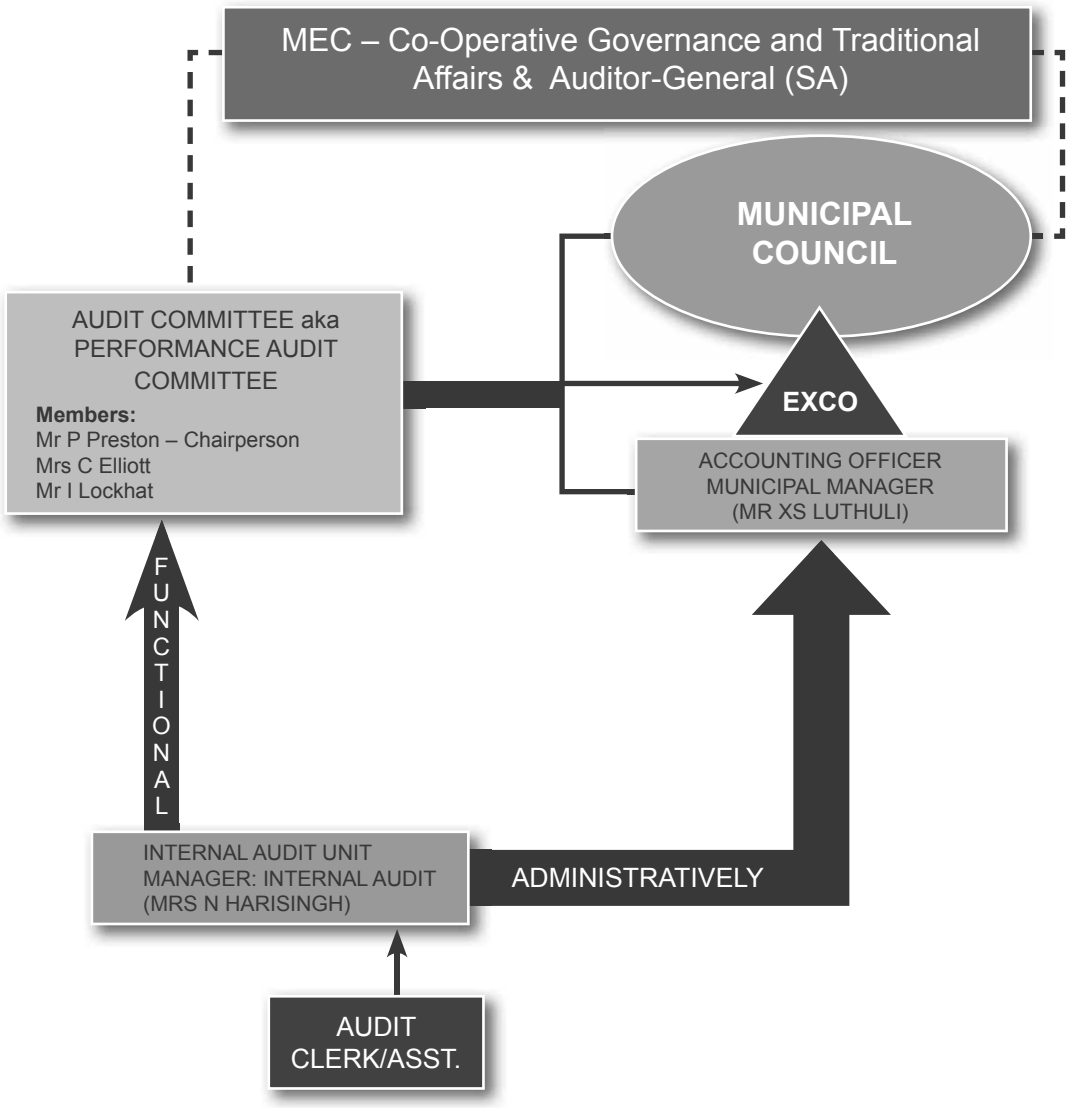
As means of eradicating informal settlements, the Ugu District Municipality in partnership with Umdoni Municipality started a housing project at Farm Isonti. A sod turning for this project was held on 21 May 2013.

CHAPTER TWO
GOVERNANCE

CORPORATE GOVERNANCE

INTERNAL AUDIT:
Risk Management & Anti-Fraud

Structure of the Internal Audit & Reporting Protocol



Structure of the Audit Committee

Aligned to Section 165, Chapter 14, of the Municipal Finance Management Act (MFMA) Umdoni Municipality continues to sustain its own Internal Audit Unit. As per legislative directives, the unit is statutorily driven. The Audit Committee and the Internal Audit unit are governed by respective charters which are reviewed and adopted annually by Council. The Audit Committee reports directly to Council. The committee is supposed to comprise four members but presently has three, all of whom are external members who have been recruited via public tender. One position presently remains vacant. The Audit Committee Charters has been accordingly amended to reflect so and was adopted by Council for FY 2012-13. The members are Mr Paul Preston, who is the Chairman, Ms Chantelle Elliott and Mr I Lockhat. Mr Nzuza no longer serves of the Committee. Umdoni Municipality's senior management team being the Municipal Manager, Mr DD Naidoo up until 28th February 2013 and subsequently Mr XS Luthuli with effect from 01 March 2013 and the General Manager: Financial Services, Mr A Nunkumar (CFO) and the Manager: Internal Audit, Mrs N Harisingh fulfill roles as in-attendance at the Audit Committee as per the Audit Committee Charter.

Structure of the Performance Audit Committee

Council adopted the Audit Committee as its Performance Audit Committee. Legislatively the Committee must sit twice for a financial year. Also statutorily established under the auspices of the Charter of the Audit Committee serving as it's Terms of Reference, the Performance Audit Committee continues to function with the Municipal Manager, Mr DD Naidoo up until 28th February 2013 and subsequently Mr XS Luthuli with effect from 01 March 2013, the General Manager: Planning and Development, Mrs CD Vezi and Manager: Internal Audit, Mrs N

CHAPTER TWO
GOVERNANCE

Harisingh fulfilling their roles as in-attendance at the Performance Audit Committee.

Functions of the Internal Audit Unit

Internal Audit provides an independent, objective assurance and consulting activity that adds value and improves the operations of the municipality. Helps the organisation to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

The Internal Audit Unit utilises the standards as set by the Institute of Internal Auditors (IIASA) a body which functions within a professional practice framework being the Standards of Best Practice of Internal Auditing which became effective on 01 January 2004, Version 05/03/2004. Internal Audit has endeavored to be very strong on its code of ethics. The King III Report has been the latest addition to regulating best practices which predominantly speaks to the strategic and corporate combating of fraud and corruption.

Deliverables & Achievements

The year under review has brought about a myriad of unexpected and unplanned events primarily due to the cascading, overarching Local Government Developmental priorities and deliverables. Municipalities, being the “Engine-Room of Local Government”, are entrusted with the task of implementation on the said priorities and deliverable. Umdoni Municipality having attained a Clean Audit resultant opinion from the Annual Audit undertaken by the Office of the Auditor-General (SA) has been earmarked for continued and improved sustainability of such report. Hence the deliverable for internal audit has now become a pronounced strategic target.

It is therefore befitting to narrate

the progression of the planned developments raised for attention in the year under review as indicative on the Annual Report 2011-12, this being the departure point of the Internal Audit Section.

As part of a resource availability, an Internal Audit Internship programme is being embarked upon. This allows for the incumbent to gain experience earning a simple stipend. As an empowerment programme, Internal Audit is pleased to report that the programme has proven beneficial to both the organisation and the incumbent.

CHAPTER TWO
GOVERNANCE

1 Deliverables

Key Performance Areas	**Sub-Programme**	Strategy Process	**Objectives**	Status Report
KPA: Governance **Anti-Fraud & Corruption**	1. Anti-Fraud Corruption Strategy 2. Fraud Prevention Plan – Implementation 3. Awareness Programme – Internally & Externally	a) To introduce detection controls in order to deter fraud on a ongoing basis. b) Implement Fraud Prevention Plan	Ensure that fraudulent & corrupt activities be detected, reduced and prevented. Encourage and Foster a conducive environment and ethical workforce.	Deliverables per the Strategy is ongoing per target per annum. MIA deals with issues of fraud and in conjunction with Corporate Services deals with reports from the Presidential & Premiers' Hotline. Centralised Fraud system currently being explored with District Municipality. Included in Each S57 Performance Contract.
KPA: Governance **Risk Management**	1. Risk Management Officer 2. Risk Management Committee 3. Risk Management Policy & Strategy 4. Risk Management Training	a) To ensure that preventative measures are in place to minimize and mitigate risk on an ongoing basis. b) Inculcate a culture of risk management and control.	Our Municipality must endeavour to reach a break-even point between risk and control to establish a conducive environment.	Risk Management Committee has been established. Empowerment, Awareness & Roll-Out programme are currently being arranged. GMFS & MIA deals with issues of risk in conjunction with the newly established RMC. Centralised RMO is presently being explored with DM. RMC must meet regularly. Management must attend to Risk Registers and manage same. Included in Each S57 Performance Contract The possibility of procuring a Risk Profiling System must be explored
KPA: Governance **Internal Audit**	Annual Internal Audit Plan 2012-13			P D Project and Waste Management expunged due to funding and scope constraints.

2 Risk Assessment

A risk-based audit plan which spans over a three year period has been adopted by Council. Subsequent to an annual revision of the Risk assessment register, an Annual Internal Audit Plan is collated. Risk management is prevalent and rife with salient challenges which are not unique to the Umdoni environment. Risk is addressed in the categories of Operational; Strategic; Informational; Financial; Legislative and Reputational/Social and is monitored on a low, medium and high rating scale.

Risk Management Committee (RMC) has been established. The Annual Internal Audit Plan for Financial Year 2012-13 has been primarily informed by the Risk Profiling process.



CHAPTER TWO
GOVERNANCE

3 Audit Plan 2012-13: Internal Audit Projects

Internal Audit projects were planned and expected to be executed as follows:

#	Project/ Focus Area	Quarter 2 (October 2012 to Dec 2012) (FYE 2013)	Quarter 3 (January 2013 to March 2013) (FYE 2013)	Quarter 4 (April 2013 to June 2013) (FYE 2013)
Approved Areas of Coverage				
Projects				
1	**Waste Management**		*	
2	**Information Technology – Follow-Up Review & Phase 2 & 3**		*	
3	**Disaster Management – Follow-Up Review**		*	
4	**Planning & Development (LED/ Bldg Plans & Service Delivery Concepts)**	*		
5	**Institutional Performance Management System, Regulations for 2006, Chapter 13** **• Indicators in the IDP** **• Alignment between the IDP, SDBIP and PMS** **• PMS Policy Framework** **• General Key Performance Indicators** **• Existence of PMS for non-section 57 employees** **• Monitoring of performance** **• Compliant annual review of Section 57 employees**	*	*	*
6	**Asset Management**			*

The above Internal Audit Plan was amended in April 2013 by a proposal via MANCO to Audit Committee and Council to remove Projects 1 and 4 due to the year FY 2012-13 being one of transition. This was due to new HOD's reviewing and re-assessing the risks in their respective departments, hence the resolution to amend the Audit Plan.

4 Audit Report 2011-12: Plan of Corrective Measures

Internal Audit was tasked with the responsibility of monitoring and evaluating the adherence of the Action Plan stemming from the Plan of Corrective Measures for the Audit Report 2011-12 (A-G), including matters arising from the Management Report 2011-12 (A-G). All matters were successfully attended to.

REGULARITY AUDIT						
Category	Ref.	Findings	Action Plan	HoD Resp.	**Commence-**ment Date	Completion Date
Unauthorised Expenditure	9	As disclosed in note 35.1 to the financial statements, unauthorised expenditure of R9, 5 million was incurred as a result of expenditure exceeding the approved budget for operating expenditure.	This relates to non-cash transactions which were Recognised at year end in terms of GRAP, eg, deprecation, actuarial gains/losses, etc. i.e There was no cash outflow from the municipality Notwithstanding the above as well as the surplus which exceeded budget by R 33 Mil, the disclosure of unauthorised expenditure was required. This disclosure has been effected.	**GM:FS**	Quarterly	30 June 2013
Budgets	31	The municipality incurred expenditure in excess of the limits provided for in the votes in the approved budget, in contravention of section 15 of the MFMA.	As Detailed Above	**All HoD's**	Quarterly	30 June 2013
Procurement and Contract Management	33	Awards were made to service providers who are persons in the service of other state institutions or whose directors/ principal shareholders are persons in service of other state institutions, in contravention of SCM regulations 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).	The amount of R 15 839 which was identified by the AG, was as a result of a payment of an ongoing order from the previous financial year. This payment occurred prior to the AG identifying and informing management of this matter in the 11/12 Financial Year. Further, the supplier contends that they are not in the service of the state. The municipality does not have access to identify if personnel are employed in the service of the state. A decision regarding the suppliers identified as "in the service of the state" during the 11/12 FY will be required to be taken at the next Management Workshop and thereafter confirmed via a council resolution so this does not pose a risk during the next years audit.	**GM:FS**	January 2013	Ongoing
Expenditure Management	34	The accounting officer did not take reasonable steps to prevent unauthorised expenditure, as required by section 62(1) (d) of the	As per ref 9 & 31 above.	**All HoD's**	Quarterly	30 June 2013
Leadership	36	The accounting officer did not adequately exercise oversight responsibility over the compliance with laws and regulations relating to procurement and contract management, reported performance information and review of annual financial statements.	As per 33 above.	**All HoD's**	January 2013	Ongoing
Financial Management	37	Systems and controls were not designed in a manner to prevent, detect and address risks that impact on financial, performance and compliance reporting. In this regard, the accounting officer did not ensure that regular, accurate and complete financial reports were prepared, supported and were evidenced by reliable information. This resulted in material corrections in the financial statements.	The corrections which arose were as a result of technical differences with the AG. These matters were namely : Prior Year Recognition of Assets & Disclosure of Unauthorised Expenditure These have subsequently been corrected and given the nature of the technical interpretations and the nature of the transaction, are not likely to re-occur.	**GM:FS**	Completed	

CHAPTER TWO
GOVERNANCE

PERFORMANCE AUDIT						
Category	Ref.	Findings	Action Plan	HoD Resp.	**Commence-**ment Date	Completion Date
Usefulness of Information - Presentation	17	Improvement measures in the annual performance report for a total of 41% of the planned targets not achieved were not disclosed, as required by section 46 of the Municipal Systems Act 32 of 2000 (MSA). This was due to inadequate internal policies and procedures regarding the processes pertaining to the reporting of performance information. The root cause of the lack of presentation is that corrective measures are not appropriately described and not validated against the supporting documents.	The action plan with time frames has been developed and forwarded to all the Heads of Departments to ensure that documents are submitted in time in order to give the internal audit unit sufficient time to verify the information provided against the set objectives The 2012/2013 SDBIP has an additional column which indicates the means of verification of each KPI that has been reported. The means of verification assist the HODs in the compilation of the portfolio of evidence.	**General Manager Planning &**	September 2012	June 2013
Usefulness of Information - Presentation	18	Section 46 of the MSA requires the disclosure of measures taken to improve performance in the annual performance report where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided for 76% of measures taken to improve performance as disclosed in the annual performance report. Insufficient training was provided to the relevant heads of department to ensure that they understand the requirements of the annual report. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the validity and accuracy of the measures taken to improve performance.	Training on the compilation of portfolio of evidence will be conducted on January 2013.	**General Manager Planning & Develop-ment: Mrs Canesia Vezi**	September 2012	January 2013
Usefulness of Information – Consistency	19	Section 41(c) of the MSA requires that the integrated development plan/ service delivery budget implementation plan should form the basis for the annual performance report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 51% of objectives, 100% of indicators and 27% of targets reported in the annual performance report were inconsistent with the objectives/indicators/targets as per the approved annual performance plan. The root cause of the inconsistency is that the performance manager did not review the report before submission.	2012/2013 SDBIP has been revised and approved by council at its meeting held on 12 December 2012 and made public.	**General Manager Planning & Dev.: Mrs Canesia Vezi**	December 2012	December 2012

PERFORMANCE AUDIT						
Category	Ref.	Findings	Action Plan	HoD Resp.	**Commence-**ment Date	Completion Date
	20	The FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 39% of the targets were not specific in clearly identifying the nature and the required level of performance. This was because management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.	2012/2013 SDBIP has been revised and approved by council at its meeting held on 12 December 2012 and made public. The revised SDBIP has been amended in order to be aligned with the SMART principle.	**General Manager Planning & Dev.: Mrs Canesia Vezi**	September 2012	June 2013
	21	The FMPPI requires that performance targets be measurable. The required performance could not be measured for a total 59% of the targets. This was because management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.	2012/2013 SDBIP has been revised and approved by council at its meeting held on 12 December 2012 and made public The revised SDBIP has been amended in order to be aligned with the SMART principle.	**General Manager Planning & Dev.: Mrs Canesia Vezi**	September 2012	June 2013
	22	The FMPPI requires that the time period or deadline for delivery be specified. A total of 46% of the targets were not time bound in specifying a time period or deadline for delivery. This was because management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.	2012/2013 SDBIP has been revised and approved by council at its meeting held on 12 December 2012 and made public The revised SDBIP has been amended in order to be aligned with the SMART principle.	**General Manager Planning & Dev.: Mrs Canesia Vezi**	September 2012	June 2013
	23	The FMPPI requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 29% of the indicators/ measures were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was because management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.	2012/2013 SDBIP has been revised and approved by council at its meeting held on 12 December 2012 and made public The revised SDBIP has been amended in order to be aligned with the SMART principle.	**General Manager Planning & Develop-ment: Mrs Canesia Vezi**	September 2012	June 2013
	24	The FMPPI requires that it must be possible to validate the processes and systems that produce the indicator. A total of 54% of the indicators/measures were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the lack of key controls in the relevant systems of collection and verification of actual performance information.	The action plan with time frames has been developed and forwarded to all the Heads of Departments to ensure that documents are submitted in time in order to give the internal audit unit sufficient time to verify the information provided against the set objectives The 2012/2013 SDBIP has an additional column which indicates the means of verification of each KPI that has been reported. The means of verification assist the HODs in the compilation of the portfolio of evidence.	**General Manager Planning & Develop-ment: Mrs Canesia Vezi**	September 2012	June 2013

CHAPTER TWO
GOVERNANCE

PERFORMANCE AUDIT						
Category	Ref.	Findings	Action Plan	HoD Resp.	**Commence-**ment Date	Completion Date
Usefulness of Information - Presentation	25	The FMPPI requires that processes and systems which produce the indicator should be verifiable. A total of 85% of the actual reported performance relevant to the selected basic service delivery and infrastructure objectives differed materially when compared to the source information and/or evidence provided. This was due to a lack of standard operating procedures for the recording of actual achievements.	The action plan with time frames has been developed and forwarded to all the Heads of Departments to ensure that documents are submitted in time in order to give the internal audit unit sufficient time to verify the information provided against the SDBIP	**General Manager Planning & Dev.: Mrs Canesia Vezi**	September 2012	September 2012
Usefulness of Information - Presentation	26	The FMPPI requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 85% of the actual reported performance relevant to basic service delivery and infrastructure objectives was not accurate when compared to source information. This was due to a lack of standard operating procedures for the recording of actual achievements.	Management has been workshopped on Performance Management System and a new reporting template has been developed and circulated to all Departments.	**General Manager Planning & Dev.: Mrs Canesia Vezi**	September 2012	September 2012
Usefulness of Information – Consistency	27	The FMPPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. Source information for 85% of the actual reported performance for the selected basic service delivery and infrastructure objectives was not completely recorded. This was due to a lack of document management system with regard to actual performance achievements.	The action plan with time frames has been developed and forwarded to all the Heads of Departments to ensure that documents are submitted in time in order to give the internal audit unit sufficient time to verify the information provided against the set objectives	**General Manager Planning & Dev.: Mrs Canesia Vezi**	December 2012	December 2012
	29	Of the total number of planned targets, 35 were not achieved during the year under review. This represents 31% of total planned targets that were not achieved during the year under review. This was mainly because indicators and targets were not suitably developed during the strategic planning process.	The 2012/2013 SDBIP has been revised to adhere to the SMART principles and have been adopted by Council at its meeting held on 12 December 2012.	**General Manager Planning & Dev.: Mrs Canesia Vezi**	September 2012	June 2013

PERFORMANCE AUDIT						
Category	Ref.	Findings	Action Plan	HoD Resp.	**Commence-**ment Date	Completion Date
	37	Systems and controls were not designed in a manner to prevent, detect and address risks that impact on financial, performance and compliance reporting. In this regard, the accounting officer did not ensure that regular, accurate and complete performance reports were prepared, supported and were evidenced by reliable information. This resulted in material corrections in the annual performance report.	Management has to collectively put a reporting model in place and all middle managers will be workshopped in Performance Management especially reporting.	**General Manager Planning & Dev. Mrs Canesia Vezi & All HoDs**	Immediately	30 June 2013

Challenges

Local Government has a significant role to play in government's responsibility to provide services to stakeholders. The accounting and auditing profession can assist beyond Financial Statement audit and advice and make a meaningful impact on our municipality and our quest to better deliver against the service promise. Stakeholders are placing more emphasis on measurable objectives and outcomes including the President, Cabinet, parliament, MEC's and other municipal councils.

The attainment of Umdoni's third consecutive Unqualified Audit Report points Umdoni into the correct path of achieving deliverables to the Clean Audit 2014, as earmarked for Umdoni "Clean Audit 2012". The quality of and resultant Audit Report is now being utilised as a primary yardstick and benchmarking tool to assess Municipality's administrative capacity and performance competency. Our challenge is indeed Performance Management (PMS) as a whole.

The Auditor-General's current strategy of issuing an audit opinion on performance information to management for the year ended 30 June 2012 and including such report for Umdoni Municipality is 2012 (medium capacity), is certainly increasing the urgency of our municipality to assess our current situation and improve the system.

CHAPTER TWO
GOVERNANCE

Internal Audit attends to performance reporting and verification processes thereof. The phased-in approach has revealed a number of issues which is corrected and improved will place our municipality in a better position not only to report on performance against pre-determined objectives but to take timely corrective action in such areas where non-achievement prevails with respect to our service mandate. Some issues identified for the year under review are as follows:-

a Ineffective and inefficient system of internal controls to determine, collect, analyse, verify and report performance;

b Key Performance Indicators (KPI's) not meeting the "SMART" criteria as set by National Treasury in the Framework for Reporting Programme Performance issued in May 2007; c Inconsistent reporting between annual business plan, monthly reports, quarterly reports and annual reports; and

d lack of supporting evidence regarding actual performance reported or evidence that shows differences between performance reported and that of supporting documentation.

Now, the above will enable all stakeholders and communities to gauge and measure the performance of the municipality in supplying services to its constituencies, however in the absence of such accountability or the lack of it cannot be questioned.

The benefits of the PMS must not be underestimated. A credible OPMS is crucial for our municipality to meet our mandate and provide and added incentive

of obtaining and unqualified performance information audit report. Improving performance therefore, starts with improved performance reporting.

It is hoped that the new FY2013-14 will endeavour to address all such identified shortcomings with a direct responsibility of performance competencies.

Overview of Governance Issues at Umdoni vs. National Priorities

Whilst rural development remain government's priority in all aspects, it is crucial to see an improvement in attitudes, posture and outcomes. The president lashed out strongly against corruption and maladministration in various government departments and state entities. He said "The citizens of our country have a right to expect that their democratic state will exercise its authority in defence of the Constitution that so many struggled so long and hard for. We cannot disappoint this expectation. Control Measures must therefore be put in at the National, Provincial and Local Levels of Governance.

The country as a whole would need to actively pursue a different trajectory in order to address the challenges that lie ahead. The success of the country's long term economic strategy would depend on various stakeholders, including those at a local government level uniting around an inclusive vision for South Africa's future. It is therefore important to emphasise capacity building and to accelerate administrative and governance structures so as to speak to the fact that the burden on local government is not likely to lighten, but will instead require agility and responsiveness on the part of municipalities and local governance structures.

CHAPTER TWO
GOVERNANCE

Operation Clean Audit (OPCA) Municipal Strategy

It is believed that self-isolation and an insular existence is unsustainable in a transitional environment such as ours and it is therefore that in support to our Municipal Manager in delivering our constitutional and statutory duties, the unit fulfills this mission by primarily contracting the following strategy for the 2013-14 financial year:

Key Performance Areas	**Sub-Programme**	Strategy Process	**Objectives**
Financial Viability (Audit Report)	Maintenance of Clean Audit Report	Monitor & Evaluate all Action Plans. Ensure that all internal controls	Ensure sustainability of the Audit Status.
Governance (Anti-Fraud Corruption)	1. Anti-Fraud Corruption Strategy 2. Fraud Prevention Plan - Implementation 3. Awareness Programme – Internally & Externally 4. Presidential / Premier Hotline	a To introduce detection controls in order to deter fraud on a ongoing basis. b Implement Fraud Prevention Plan	Ensure that fraudulent & corrupt activities be detected, reduced and prevented. Encourage and Foster a conducive environment and ethical workforce.
Governance (Risk Management)	Risk Management Strategy & Risk Management Committee	a To ensure that preventative measures are in place to minimize and mitigate risk on an ongoing basis. b Inculcate a culture of risk management and control.	Our Municipality must endeavour to reach a break-even point between risk and control to establish a conducive environment.
Governance (Policies, Procedures & Systems)	1. Monitor & Evaluate progressive development of the Policy & Procedure Register 2. Compliance with Policies & Procedures	a Ensure the formulation & adoption of Policies & Procedures b Ensure processes in place to acquire systems.	To ensure the development of and compliance with policies and procedures and to maintain the Register. Inculcate a culture of compliance and to maintain an enabling/ sustainable register.

Key Performance Areas	**Sub-Programme**	Strategy Process	**Objectives**
Governance (M & E - Action Plans)	1. Monitor & Evaluate progressive implementation of Plan of Corrective Measures for Regularity Audit. 2. Monitor & Evaluate progressive implementation of Plan of Corrective Measures for Performance Audit. 3. Implementation of Audit Process Plan and Timetable	Monitoring & evaluation, implementation of plan of corrective measures emanating from audit reports (A-G & other) Successfully implemented plan of corrective measures	To ensure the compliance with Plan of Corrective Measures. Inculcate a culture of compliance and to maintain an enabling/ sustainable working environment.
Governance (Oversight Role: Co-Ordination)	Co-Ordinate Meetings:- 1. MPAC 2. Audit Committees 3. Performance Audit Comm. 4. Audit Steering Committee Implement Annual Internal Audit Plan. Assessment for:- 1. Internal Audit 2. Audit Committee	Oversight Roles Legislative Requirements. Batho Pele Principles	a To foster meaningful relation with all communities in the affairs of the municipality and to eradicate unethical behaviour b Inculcate a culture of transparency and meaningful relations and unethical behaviour.

Conclusion

The Internal Audit Unit would like to convey its gratitude and appreciation to the Municipal Managers being both Messrs.' DD Naidoo and Mr XS Luthuli, for the constant support and objective direction at all times.

To our Council, thank you for your leadership role in ensuring that Umdoni weave a proud legacy of integrity.

The overseeing role of the Audit Committee will always be welcomed and noted as valuable.

Finally to the staff and management of Umdoni Municipality for their time, co-operation and patience, Internal Audit would like to convey its appreciation.

CHAPTER TWO
GOVERNANCE

FINANCE: SUPPLY CHAIN MANAGEMENT

A key emphasis made in the code of conduct for SCM practitioners is that these are positions of trust, implying the duty to act in the public interest. There must be declaration of business, commercial and financial interests, accountability for actions and decisions taken through transactions for procurement of goods and services. Corruption and maladministration undermine the constitutional commitment to human dignity, achievement of equality and advanced human rights.

Government and Supplier information must be confidential and protected so as to not infringe on contractors personal rights. Unethical and illegal practices such as fictitious quotations cover quoting, lower prices and non-existing competition must be prevented.

It is the responsibility of the Accounting Officer through the SCM policy to provide measures and take steps that prevent the abuse of SCM system. To investigate all allegations against an official and other role players of fraud, favoritism, unfair and irregular practices or failure to comply with SCM policy where justified. Appropriate steps against such official must be taken and report any alleged criminal conduct to the SAPS.

Before awarding the contract the SCM section ensures neither the recommended Bidder has quoted according to the specifications provided nor it submitted all the required documentation nor it is not restricted or blacklisted on National and Provincial Treasury data base or any Public sector Data Base in terms of Section 38(1) (g) (iv) the register of defaulter should be accessed on the National Treasury website.

The SCM Unit also checks if the bidder is not in arrears with Rates for more than 3 months and whether the tax

matters are up to date. The bidder is also checked if it has performed satisfactory on the previous contracts and has not committed any corrupt or fraudulent act in competing for the particular contract. If then the Bidder has committed any corrupt or fraudulent activity during the bidding process the contract will be cancelled with immediate effect.

An official or other role player committed any corrupt or fraudulent activity during the bidding process or the execution of contract that benefited the service provider will lead to cancellation of the contract.

Fraud and corruption include a wider range of areas like Acceptance of Gifts, meals and pleasure trips, Handling of Bids or quotations, dealing with confidential information and to disseminate the information. The behavior of a member in negotiations where there will be use of organizations equipment or resources for personal use. Direct purchase by user department or section managers or officials.

In line with this all municipal councilors and officials need to comply will the overarching codes of conduct MSA schedule 1 and schedule 2 under Municipal systems act no 32 of 2000. There are also specific codes of conduct that exist for SCM practitioners on National Treasury note number SCM 4 of 2003 of December 2003 and for BID committee National Treasury MFMA circular 34 of 28 June 2006.

All service providers and members of public have access to this information via treasury website and are requested to participate in fighting corruption.

CHAPTER TWO
GOVERNANCE

BID COMMITTEES AND AWARDED TENDERS IN 2012/13

There are three bid committees in place and their functions are briefly as follows:

Bid Specification Committee
Compiles the specifications for the procurement of goods and services by the municipality. Number of meetings for the financial year = 15

Bid Evaluation Committee
Evaluates bids and recommends to the bid adjudication committee, regarding award of the bid. Number of meetings for the financial year = 15

Bid Adjudication Committee
Considers the report and recommendations of the bid evaluation committee and depending on its delegations, makes a final award; or makes further recommendation to the Accounting Officer on how to proceed with relevant procurement of goods and services. Number of meetings for the financial year = 14

Bid Specification Committee
1 July 2012 to 30 June 2013
- GM Technical Services
- Manager Budget & Compliance
- Project Manager
- Head of Protection Services
- Manager SCM
- Representative from Department requesting product /service

Bid Evaluation Committee
1 July 2012 to 30 June 2013
- GM Corporate Services
- GM Planning & Development
- Manager SCM
- Manager Income
- Representative from Department requesting product /service

Bid Adjudication Committee
1 July 2012 to 30 June 2013
- GM Financial Services
- GM Community Services
- Manager Special Programmes
- Manager Budget & Compliance
- Manager Expenditure

BY-LAWS

There were NO By-laws promulgated during the 2012/13 financial year.

WEBSITES

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL		
Documents Published on the Municipality's Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	30/10/2012
All current budget-related policies	Yes	Various Dates
The previous annual report (Year -1)	Yes	July 2015
The annual report (year 0) published/to be published	Yes	30/03/2014
All current performance agreements required in terms of section 57(1)(b) of the municipal Systems Act (Year 0) and resulting scorecards	No	
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	Ongoing
All information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) 0r (4) during Year 1	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection 3 of that section	No	
Public-private partnership agreements referred to in section120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	Ongoing

Our website remains the main bridge of communication between the Municipality, public and stakeholders. All computers currently placed in our libraries are properly maintained in order to ensure that the information placed on the website is easily accessible to the Public. We continually strive to ensure that all information posted on the website is of public interest and also comply with legislations such as MFMA section 75.

CHAPTER THREE

SERVICE DELIVERY PERFORMANCE



CHAPTER THREE

SERVICE DELIVERY PERFORMANCE

MUNICIPAL SERVICES: WASTE MANAGEMENT: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING

Solid Waste Management

REFUSE COLLECTION:

A total number of 8 645 properties, 7971 domestic and 674 commercial and industrial properties, receive a waste collection service. 94% of households in the Umdoni Municipal area receive refuse removal service. The municipality also extends refuse collection in the rural areas. A total number of 22 skips are placed in the Rural Areas which is serviced weekly or daily.

This subsection is also responsible for:

- Clearing of illegal Dumpsites on public spaces
- Erection of No Dumping Signboards
- Placement of metal drums at Taxi Ranks, Schools, Beaches and various public areas
- Cleansing of ablutions
- Distribution of Wheelie Bins
- Delivery of Recycling bags
- Street Sweeping and Cleansing
- Waste Management Awareness

Street Sweeping & Cleansing

STREET SWEEPING

Central Business Districts are cleaned on a daily basis. The early shift operates from 07h0 to 16h00 and the late shift from 13h00 – 22h00

- Street sweeping – Residential Area; Pennington, Park Rynie and Ifafa Glebe are swept five days per week.
- Street sweeping – Rural area ; Weekly
- Cleansing of ablutions – CBD Area; Ablutions are cleaned seven days per week in the CBD area
- Cleansing of ablution blocks – informal settlements; Twice per week.

CHAPTER THREE
SERVICE DELIVERY PERFORMANCE

MUNICIPAL SERVICES: WASTE MANAGEMENT: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING

Street Cleaning Co-operatives

The Municipality introduced cooperatives to clean the Umzinto CBD and the Scottburgh CBD. The cooperatives work on weekends and on Public Holidays thus promoting Local Economic Development.

Issuing of refuse bags

Refuse bags were purchased and issued to indigent areas. Refuse bags were also supplied to the street cleaning teams and colored refuse bags are supplied for recycling initiative.

RECYCLING

The Municipality has taken a positive step towards recycling to reduce the amount of recyclables goods entering the domestic waste collection stream and dispose at the landfill site. The municipality collects paper which is placed in special bins for collection; igloos for paper placed at strategic points, recycling of florescent tubes, penlight batteries and used motor vehicle oil are collected.

The municipality provides the Pennington Conservancy with different colour printed bags indicating the type of recyclable that must be put into the bags. The recyclables collected from the Pennington Area include paper, plastic, glass and metals including tin cans.

The municipality has submitted business plans for recycling initiatives within the Municipality and awaits approval.

HUMBERDALE LANDFILL SITE

The operation of the Humberdale Landfill site is contracted to Interwaste Environmental Solutions in April 2012 for 36 months. The contractor ensures that the waste is covered and compacted, cutting of grass, clearing of drains and general maintenance, engineers ensure water quality audits

are done, airspace survey is done, report on recyclables volumes preparation of documents and other engineering services. The remaining airspace at the site is around 37%. The site only accepts domestic waste, garden refuse, rubble and soil it does not except hazardous and medical waste.





CHAPTER THREE
SERVICE DELIVERY PERFORMANCE

MUNICIPAL SERVICES
HUMAN SETTLEMENTS

The Municipality has a dedicated Human Settlements Section within the Community Services Department. It ensures that everyone has the right to have access to adequate housing; also it liaises with the state and other stakeholders to take reasonable legislation and other measures within its available resources to achieve the progressive realization of this right.





RDP HOUSES ALREADY BUILT

RURAL HOUSING PROJECTS

Malangeni Rural Housing Project:
Implementing Agent MGM Holdings has been appointed and the work for Tranche 1 has been completed. The Application for funding has been submitted to the Department of Human Settlements and waiting for MEC's approval. The tender will be advertised to appoint Implementing Agent for Tranche 2.

Amahlongwa/Amandawe Rural Housing Project
The current rural housing project has built 860 houses and nearing the target of completion 1000 houses there has been a number challenges that has faced the project.

Implementing Agent ED Rose Construction has been appointed for Amandawe/Kwa-Cele and Bigen Africa Service has been appointed for Amahlongwa to undertake Tranche 1 of Phase 2. The application for funding has been submitted to the Department of Human Settlements and waiting for MEC's approval, tender will be advertised to appoint Implementing Agent for Tranche 2.

Umzinto Slums Clearance Housing Project

The tender document and all the SCM processes has been approved for the construction of gravel Road, basic Storm water drainage, water and sewer reticulation and phase 1 construction of 500 low cost house. The construction of the district road D153 is expected to be completed by the 31 August 2013.

The tenders for construction of bulk sewer and water to phase 1 has been awarded Town and Around Civils and work is in progress.

The site office is in operation to conduct the sales administration for housing subsidy on the following days Wednesday, Thursday, Friday, Saturday and Sunday. The Office is situated next to the Umzinto Library, 2168 applicants has been completed and submitted to Department of Human Settlements.

Ifafa Glebe Housing in Malangeni

This project is known as Peoples Housing Project, 1 863 houses were completed and the Project Manager- Dave Thomas and Associates is in the process of finalizing the project close out. The Application for the rectification of houses with structural defects has been submitted to the Department of Human Settlements.

Temporary Emergency Housing for Flood Victims in Informal Settlements

The 2008 flood victims of the Umzinto informal settlements are still occupying 564 temporary houses, and these beneficiaries will be considered as priority during the relocation to the Farm Isonti Project.

Flood Victims Housing in Rural Areas

Mkhombe Projects has been appointed by Department of Human Settlement to build 29 houses in the rural areas for flood victims of 2011, the sales administration has been finalized and only 16 applications approved to date, the construction will commence in August 2013.

CHAPTER THREE
SERVICE DELIVERY PERFORMANCE

MUNICIPAL SERVICES
HUMAN SETTLEMENTS

URBAN HOUSING PROJECTS

RIVERSIDE PARK

The RSP Refurbishment Project:
The SLB Consulting was appointed as Implementing Agent of this project, and the Department of Human Settlement has approved the business plan and application for funding to renovate the block of flats in Riverside Park. The design/scoping has been completed, the work will be done in stages of Precinct 1 to 4. The work was divided into four contractors in order to create work opportunities for local contractors.

The SLB Consulting will also be responsible to facilitate the process of transfer of the housing stock in Riverside Park in line with the Department of Human Settlements Enhanced Extended Discount Benefit Scheme.

Ghandinagar Township
Council has taken a decision to set a time frame by 30 December 2013 for all beneficiaries to take transfers of their houses. The process of transfers is ongoing and the total number of Properties transferred to date is 562.

FREE BASIC SERVICES AND INDIGENT SUPPORT

REPORT ON THE INDIGENT SUPPORT PROGRAMME

The existing Indigent Register of the municipality was opened in the year 2006 and has been reviewed in the 12/13 financial year.

The advertisement was placed in the local newspaper in the month of January 2013 and the closing date for the indigent applications was 05 April 2013. The advertisement called for new applications and renewals prior 31st December 2011.

Application forms were sent to all libraries. A checklist for the applications were given to the librarians to assist with the submission of applications and to ensure that all applications were forwarded to the Scottburgh office on a weekly basis, they were actively involved. A reference number was issued on the submission of applications.

Councillors were also actively involved to ensure that all applications were completed in full and submitted before the closing date 05 April 2013

The existing register consists of 899 urban applications and the rural applications of 932 – rural applications automatically qualify in terms of the FBE-Agreement

Review of the register resulted in 661 applications being received:

614 - renewals
47 - new applications
932 - existing rural applications

This process has now concluded, however any renewals or new applications will be accepted and processed as the Indigent Support is an ongoing process.

Below is an extract of the latest indigent statistics of Umdoni Municipality.

YEAR	ELECTRICITY	RATES	REFUSE
2011/2012	1259	710	782
2012/2013	1209	709	899

CHAPTER THREE
SERVICE DELIVERY PERFORMANCE

ROADS & STORMWATER

ROADS & STORMWATER

The core function of this unit is to extend the useful life of local roads as well as reduce maintenance and reconstruction costs by:

- Undertaking routine and reactive maintenance of all roads, both surfaced and gravel, in all areas within the municipal boundaries.
- To undertake routine and reactive maintenance of the municipal stormwater drainage infrastructure, including pipes, inlet chambers, manholes and watercourses (e.g. streams, open channels etc).
- Re-surfacing of tarred roads by re-gravelling graveled roads
- Repairs to potholes on tarred roads using cold mix asphalt.
- Installation of guardrails which is generally carried out on verges of roads with steep adjacent embankments, at locations to protect structures and at locations to restrict access. Armco barriers and creosoted poles make up the guardrails.
- Construction of gabion structures for retaining purposes in areas where there is a potential for embankments collapsing and also to protect services running alongside watercourses.
- To undertake periodic re-gravelling of roads. This will be based on a maintenance plan which still has to be populated.
- Management of capital projects funded internally by the municipality.
- Construction of minor new works such as gravel access roads, upgrading existing stormwater drainage infrastructure, re-building drainage structures to improve functionality and laying of new stormwater drainage pipes.
- Assisting communities with road access for funerals, predominantly in the rural areas.
- Response to emergencies for damages and accessibility during storms and heavy rains.

- Assisting other service departments such as housing and community services with minor works, for example provision of access, drainage improvements etc.
- Construction of driveway access scoops for new developments is a new service that will be implemented soon, after finalization of the tariff of rates.

CHAPTER THREE
SERVICE DELIVERY PERFORMANCE

VEHICLE LICENCING

INTRODUCTION

On the 10/12/2012, the Umzinto Test Centre was destroyed due to heavy rainfall that was experienced. Staffs were redeployed temporally to the Fire & Disaster, Motor Licensing and Traffic & Policing sections until the Test Centre was re-opened. Applicants who had booked for Drivers Testing and Learners Licence had to be refunded of their booking fees. In May 2013, the Test Centre was reopened to the public but with limited services. Presently driver's renewals are being done.

DRIVER'S LICENCE CODE C/C1 AND EC TOTAL BOOKED	1502
DRIVER'S LICENCE CODE B TOTAL BOOKED	542
LEARNER'S LICENCE TOTAL BOOKED PASSED FAILED	 971 464 507
VEHICLES TESTING TOTAL BOOKED PASSED FAILED	 250 229 21
REVENUE TOTAL REVENUE INCLUDING:	
DRIVER'S BOOKING	R586 100
ISSUE OF DRIVER'S	R958 000
DUPLICATE L/L DOC	R4 560
LEARNER'S BOOKING	R145 650
ISSUE OF LEARNERS	R27 240
PrDP	R104 250
INSTRUCTOR PERMIT APPLICATION	R8 760
INSTRUCTOR ISSUE	R1 260
ROAD WORTHY CERT APPLICATION	R62 930
ROAD WORTHY CERT ISSUE	R27 480
TDL	R56 880
TOTAL REVENUE	R1 983 710

MOTOR VEHICLE LICENCE STATISTICS

OFFICE	UMDONI	PROVINCE	TOTAL NO OF VEHICLES
UMZINTO	R36 634.54	R378 670.75	530
SCOTTBURGH	R1 446 746	R14 695 778	30414





UMZINTO TEST CENTRE AND SURROUNDING AREA FLOODED

PLANNING & DEVELOPMENT & LOCAL ECONOMIC DEVELOPMENT

BUILDING CONTROL – 2012/13 APPROVED PLANS

APPROVED PLANS FOR 2012/2013			
PLAN NO	**ERF NO/AREA**	**DATE SUBMITTED**	**DATE APPROVED**
202/12	1464 UMZINTO	03-12-2012	26-06-2013
327/10	577 SCOTTBURGH	22-12-2010	26-06-2013
74/12	8/184 FARM MOUNT ALBERT	10-05-2012	28-06-2013
186/10	SUB 1 OF LOT 331 UMZINTO	16-07-2013	11-07-2013
181/12	55 SHAYAMOYA	12-10-2012	28-06-2013
07/13	551 UMZINTO	05-02-2013	11-07-2013
179/12	SUB 14 OF LOT 96 UMZINTO	08-10-2012	11-07-2013
67/13	611 SCOTTBURGH	22-05-2013	11-07-2013
70/13	16 OF 149 KOELWATERS	24-05-2013	16-07-2013
48/12	PTN 1 OF ERF 418 PARK RYNIE	29-03-2012	16-07-2013
29/13	164 SCOTTBURGH	11-03-2013	11-07-2013
49/13	850 PENNINGTON	17-04-2013	26-07-2013
45/13	1 OF 264 SCOTTBURGH	10-04-2013	26-07-2013
140/12	1557 UMZINTO	18-07-2012	26-07-2013
47/13	1 OF 264 SCOTTBURGH	17-04-2013	26-07-2013
207/12	1175 PENNINGTON	14-12-2012	26-07-2013
40/13	176 SCOTTBURGH	08-04-2013	26-07-2013

LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM & MARKET PLACES)

In Umdoni municipality national government, the district and local municipality all have an important role to play in the successful implementation of local economic development initiatives. All these spheres have established principles and provide a framework for the formulation of localized economic development strategies.

They create a range of opportunities for funding, institutional development and initiatives for economic growth and development in Umdoni. Based on these, Umdoni found it important to focus on the following areas:

- Addressing local development needs, crises and job creation requirements;
- A partnership between all key stakeholders – the local authority, communities, and the private sector by reviving the Umdoni Municipality LED Forum
- Local leadership;
- Initiative and entrepreneurship;
- The use of local resources and skills;
- Appropriate external support, advice and facilitation; and
- Creating an environment that facilitates economic growth and diversification

CHAPTER THREE
SERVICE DELIVERY PERFORMANCE

TOWN PLANNING

The Town Planning section is to guide and apply the land use Management Scheme across Umdoni Municipality jurisdiction uniformally. The KwaZulu Natal Development Act 6 of 2008 is the new legislation used to make sure that all applications adhere to time frames and also promote harmonious development by balancing the demands of residential, commercial and Industrial in a sustainable manner.

The type of applications that assessed by the Town Planning section are:

- Rezoning
- Special Consent
- Relaxation
- Assessment of Building Plans
- Home Business
- Subdivisions
- Consolidation
- Removal of Restrictive Conditions
- Road Closure

In addition we are currently reviewing the Spatial Development Framework (SDF), this is a tool used to co ordinate development and attract investment within Umdoni Municipality.

The below table reflects the number of application that have been approved by Town Planning in 2012/2013 financial year. These applications are rezoning, Special Consent, Subdivisions, Consolidations and relaxations.

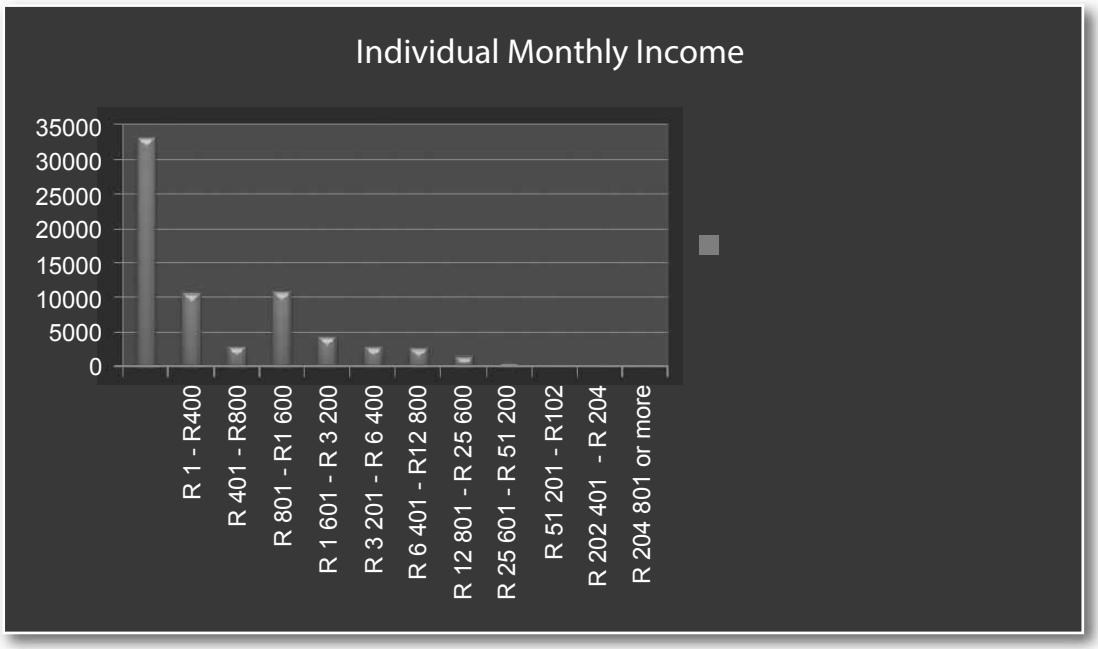
REZONING APPLICATIONS FOR 2012/2013

DATE SUBMITTED	PROPERTY DESCRIPTION	DATE APPROVED
25-Jun-12	ERF 276 AND ERF 50 KELSO	30-Oct-12
18-May-12	ERF 29 SAVILLETHORPE (PARK RYNIE)	28-Nov-12
11-Mar-12	PTN 10 OF ERF 898 SCOTTBURGH	28-Nov-12
	2013 APPROVALS.	
19-Jun-12	ERF 213 PARK RYNIE	27-Feb-13
13-Aug-12	ERF 905 AND 906 SCOTTBURGH	29-May-13
	CONSOLIDATION APPROVAL 2012/2013	
10-May-12	ERF 326 & 327 INTO 670 PAR RYNIE	31-Oct-12
25-Jun-12	ERF 276 & 50 KELSO INTO 278 KELSO	31-Oct-12
27-Nov-13	ERF 256 & 257 PARK RYNIE INTO ERF 672	
	SPECIAL CONSENT APPROVAL 2012/2013	
24-Apr-12	ERF 344 PARK RYNIE	25-Jul-12
23-Nov-11	ERF 906 SCOTTBURGH	28-Nov-12
12-Sep-12	ERF 1731 SCOTTBURGH	27-Feb-13
	RELAXATION APPROVALS 2012/2014	
12-Jun-12	ERF 1241 CLUB MARINA	4-Jul-12
1-Aug-12	ERF 1221 GHANDINAGAR	20-Aug-12
29-May-12	ERF 42 SCOTTBURGH	29-Aug-12
28-Aug-12	ERF 148 SCOTTBURGH	12-Sep-12
28-Aug-12	ERF 294 SCOTTBURGH	12-Sep-12
16-Jul-12	ERF 1404 GHANDINAGAR	26-Sep-12
17-Aug-12	ERF 1126 GHANDINAGAR	26-Sep-12
6-Sep-12	ERF 660 SCOTTBURGH	31-Oct-12
11-Jun-12	ERF 577 SCOTTBURGH	28-Nov-12
18-Dec-12	ERF 89 PENNINGTON	2-Jan-13
18-Dec-12	ERF 712 PENNINGTON	2-Jan-13
17-Jan-13	ERF 1249 CLUB MARINA	11-Feb-13
30-Jan-13	PTN 1 OF ERF 452 PENNINGTON	11-Feb-13
18-Jan-13	ERF 858 PENNINGTON	6-Feb-13
21-Jan-13	ERF 130 SCOTTBURGH	11-Feb-13
20-Feb-13	ERF 477 UMZINTO	19-Mar-13
14-Feb-13	ERF 1230 UMZINTO	19-Mar-13
25-Feb-13	ERF 1254 UMZINTO	19-Mar-13
22-Mar-13	ERF 88 SHAYAMOYA	19-Mar-13
21-Jan-13	PTN 1 OF ERF 605 PENNINGTON	27-Mar-13
6-Mar-13	ERF 1273 GHANDINAGAR	23-Apr-13
17-Jan-13	ERF 1557 GHANDINAGAR	29-May-13
27-Mar-13	ERF 108 SEZELA	29-May-13
25-Feb-13	ERF 426 SCOTTBURGH	31-May-13
12-Feb-13	ERF 210 SCOTTBURGH	31-May-13
21-Feb-13	ERF 801 SCOTTBURGH	31-May-13
1-May-13	ERF 667 SCOTTBURGH	31-May-13
22-Mar-13	ERF 861 SCOTTBURGH	26-Jun-13
27-Feb-13	ERF 230 SHAYAMOYA	26-Jun-13
14-May-13	ERF 391 PENNINGTON	11-Jun-13

EMPLOYMENT AND INCOME LEVELS

Employment and Income Levels

Income levels



Source Stat SA: 2011

Table: Percentage of people living in poverty

Population Group	2001 Number	2001 Percentage	2011 Number	2011 Percentage
African	26 082	61.0%	34 109	64,3
White	183	2.5%	90	1,2
Coloured	197	29.9%	113	17,4
Asian	1 783	14.0%	1591	12,6
TOTAL	28 246	44.6%	35 903	48,6

Source: Global Insight

CHAPTER THREE
SERVICE DELIVERY PERFORMANCE

EMPLOYMENT AND INCOME LEVELS

Agriculture

ONE HOME ONE GARDEN:

The municipality worked with operation Sukuma Sakhe stake holders and ward committees through war room to identify the beneficiaries. The One Home One Garden policy was developed and adopted by council on how to roll out the program. The highlights of this policy were that only indigent households will benefit. The initial budget of this project was R100 000.00.

Each ward had to identify 60 households who will benefit from this project; in total we had 600 households. The municipality worked closely with Department of Agriculture from the planning stage to its final stage. Each House Hold received seeds and agricultural implements. There is an ongoing monitoring process of this program in all 10 wards.

COMMUNAL GARDENS:

The municipality assisted 6 communal gardens from different wards with agricultural implements and seeds. Before the communal garden is assisted it must be on department of agriculture's data base, and it must be an active communal garden.

We assisted Philani and Zamani communal garden from ward 02 Mahlashana from ward 4, Zethembe from ward 7, bambanani from ward 9 and Sizabantu from ward 8.

We also assisted 27 communal gardens with the agricultural tractor.

No	Name of the communal garden	Ward	Assistance provided
1.	Macebo	2	Plough
2.	Philani	2	Plough
3.	Ziqalele	8	Plough
4.	Maqongqo	9	Plough
5.	Mzomusha	9	Plough
6.	Hlanganisa	2	Plough
7.	Bambanani	9	Plough
8.	Masifundisane	8	Plough
9.	Khanyisani	1	Plough
10.	Sizathina	7	Plough
11.	Mahlongwa Women's Club	1	Plough
12.	Khanyisani	1	Disc Harrow
13.	Mzomusha	9	Disc Harrow
14.	Philani	2	Disc Harrow
15.	Bongumngoma	8	Plough
16.	Senzakwenzeke	8	Plough
17.	Bambanani	9	Disc Harrow
18.	Bambanani (Mahlongwa)	1	Plough
19.	Dingindaba	1	Plough
20.	Siyasizana (Amandawe)	4	Plough
21.	Thuthukani	2	Plough
22.	Sizwene	9	Plough
23.	Sukuma Sakhe	5	Plough
24.	Sizakancane	2	Plough
25.	Asithembane	1	Plough
26.	Isondlo	1	Plough
27.	Bongungwane	8	Plough





CHAPTER THREE
SERVICE DELIVERY PERFORMANCE

TOURISM EVENTS

(i) Sani2 C

Sani2c is a three-day stage mountain bike race that starts in the Underberg and ends in Scottburgh. It is one of South Africa's biggest mountain bike events. The event is run as two separate races divided into the Sani2c Adventure and the Sani2c. Each race will accommodate no more than 650 teams. It all comes down to their desire to stage a world-class event without losing the personal touch which characterises this unique race. Over the last five years it achieved distinction as one of South Africa's best loved races.

Beaches

Scottburgh Beach is and its grass-covered banks leading down to sandy beaches have made it a popular holiday resort for South Africans and foreign holidaymakers alike for many years.

Surfers and Body-boarders from around the world come for surf trips around the south coast, and would visit Scottburgh in particular for its worldwide surfing reputation. The municipality has received the grant funding through corridor development for the Detailed Design of the Scottburgh Beachfront Upgrade

Golfing

Within the South Coast, in particular Umdoni can boasts as one of the hidden treasures of the Golf coast. With an 18-hole course situated on 200 hectares of indigenous coastal forest is renowned for its fauna and flora and magnificent vistas. This really makes it a true pleasure to play on the South Coast of Umdoni.

Umdoni is another typically short but testingly old-fashioned South Coast course where the wind plays a major role in your game. A strong North Easterly can make this course a challenge to any golfer. Very hilly, and the holes take you through some beautiful indigenous bush. Splendid views over the Indian Ocean abound

Caravan Parks and Camp sites

Umdoni is also braced by the presence of Caravan parks which are privately owned and municipal campsites. Scottburgh Caravan Park's reception has an abundance of information for visitors, with maps, books, postcard, and leaflets - and there is always plenty of helpful advice at hand from the staff. Scottburgh Caravan Park is 'The one on the Beach', and we have it all! As a popular seaside resort, Scottburgh Caravan Park boasts water slides, safe protected bathing, large tidal pool, excellent surf and rock fishing, deep sea fishing charters, scuba diving, mini golf, and a wide variety of restaurants and shops all within easy walking distance of the resort.

Scottburgh Caravan Park is 'The one on the Beach', and fresh water swimming pools have been installed recently, so as to offer you, the holidaymaker, and a pleasant alternative. Floodlights shine over the park and beach after dark and security fencing along the landward boundaries creates a safe environment, and the resort is patrolled by 24-hour security.

Rural Tourism

Umdoni has the most scenic routes which still lie undiscovered of which with proper packaging and marketing can develop into a tourism route. The municipality is yet to explore the potential offered by the rural areas.

CHAPTER THREE

COMMUNITY & SOCIAL SERVICES

LIBRARIES

Library	Membership		Prints (Books)		Non Prints (CD's, DVD's Video's)	
	2012/13	2011/2012	2012/13	2011/2012	2012/13	2011/2012
Scottburgh	Adults: 4 113 Youth: 484 Juveniles: 717 **TOTAL 5 314**	Adults: 3 872 Youth: 494 Juveniles: 676 **TOTAL 5 042**	50 428	63 737	1 776	2 002
Umzinto	Adults: 2 182 Youth: 691 Juveniles: 887 **TOTAL 3 760**	Adults: 2 032 Youth: 676 Juveniles: 823 **TOTAL 3 531**	22 341	26 131	5 637	4 395
Pennington	Adults: 1 563 Youth: 218 Juveniles: 283 **TOTAL 2 064**	Adults: 1 499 Youth: 200 Juveniles: 286 **TOTAL 1 985**	26 415	27 911	1 922	1 506
Park Rynie	Adults: 687 Youth: 178 Juveniles: 364 **TOTAL 1 220**	Adults: 678 Youth: 176 Juveniles: 357 **TOTAL 1 211**	7 720	10 431	124	808
Shayamoya	Adults: 511 298 Youth: 491 Juveniles: **1 300** **TOTAL**	Adults: 505 Youth: 296 Juveniles: 488 **TOTAL 1 289**	16 259	19 188	1 321	1 528
Sezela	Adults: 472 Youth: 105 Juveniles: 200 **TOTAL 777**	Adults: 432 Youth: 99 Juveniles: 181 **TOTAL 712**	27 116	21 776	2 883	3 227
Ifafa Beach	Adults: 466 Youth: 64 Juveniles: 304 **TOTAL 834**	Adults: 459 Youth: 65 Juveniles: 307 **TOTAL 831**	7 963	8 301	201	235
Malangeni	Adults: 2 682 Youth: 2 079 Juveniles: 1 947 **TOTAL 6 708**	Adults: 1 511 Youth: 2 058 Juveniles: 1 440 **TOTAL 5 009**	11 433	11 782	3 646	4 492

LIBRARIES

SCOTTBURGH LIBRARY

Scottburgh Library was burgled on the night of 30 August 2012 and all but two computers were stolen. New computers were purchased and installed and the internet cafe is up and running again. A new, upgraded alarm system and additional burglar bars have been installed to ensure that the computer section is secure.



SCOTTBURGH LIBRARY ON A BUSY DAY

The librarian continues to assist St Francis School wherever possible, and visited the school on 11 September 2012 to judge various competitions which the school librarian had initiated.

On 5 October 2012 two local actors who call themselves "Acting About," put on a play in the library hall called "The jackal and the hare." The aim was to raise funds for the SPCA, and the actors also encouraged the children to visit/join library. It was very well attended.

On 01 November 2012 ten children from Amahlongwa Creche paid a visit to the library and were taught about libraries and library usage.

From 21 – 23 November 2012 six librarians attended the library conference at the ICC in Durban. It was very interesting and informative, the theme being: Creating a vibrant and inclusive society for generations to come. The emphasis was on attracting patrons to libraries and many good ideas were put forward.

During the December holidays there were craft-making activities for children on four separate mornings. Library patrons volunteered to run them.

CHAPTER THREE
COMMUNITY & SOCIAL SERVICES

LIBRARIES

Some of the librarians attended book launches at “The Book Boutique” in Amanzimtoti, in January and May 2013. They were very informative, and it is exciting meeting well-known authors face-to-face.

The KZN Public Library and Information Services regularly held workshops and training sessions to assist librarians with the new library computer programme called SLIMS
(Sita Library Information Management System) These sessions are necessary since the system is constantly being upgraded, new staff is being employed, and recently (May) the remaining five Umdoni libraries went “live.” This means that all the Umdoni libraries are now computerized and linked. Multi library membership is no longer necessary since one card can be used in all eight libraries.

UMZINTO LIBRARY

Internet Cafe

Many people are using the internet café for assignments, online registering, internet banking, social networking, e-mailing, typing, etc. There are seven computers situated in the Internet Café.



BUSY ON THE COMPUTERS AT UMZINTO LIBRARY

Many people are being taught basic computers by the computer assistant. Activities are planned by the cyber cadet to encourage children to use the computers. The internet cafe is attracting a lot of youth and children. Games were set up during the holidays.

During the December 2012 school holiday, the children were kept busy at the cybercafé. Computers were set up for them to play games, as well as to learn typing.

LIBRARIES

More youth are visiting the library every day. They use the computers to play games, listen to music, social networking with family and friends (face book).

Library week falls in the third week of March. Since schools are still open, any activities that should take place are planned for the last week of March, when schools are closed.

Children coloured Easter pictures that were downloaded off the internet.



BEAUTIFUL PICTURES OF THE EASTER EGG HUNT EVENT

An Easter egg hunt was held at the library. Marshmallow Easter eggs were hidden throughout the library and children had to search for them. The children were very excited as they got to eat Easter eggs. The eggs were sponsored by the librarian and computer assistant. Children played computer games as well as board games, and puzzles.

In May 2013 we attended a book launch at "The Book Boutique" in Amanzimtoti. This was very interesting as we got to meet the author Jenny Hobbs.

MALANGENI LIBRARY

In July 18 2012 on Mandela's Day, school children were taught about Mandela's history the Mandela's books were displayed in the library. There were a question and answer session regarding Mandela Day, after which they watched the Mandela's movies in the Activity Hall. The children were very excited as they obtained a lot of knowledge regarding the purpose of the Day.

CHAPTER THREE
COMMUNITY & SOCIAL SERVICES

LIBRARIES

On the 21st February 2013, this is the international Mother Tongue Day. As the staff of Malangeni Library, we explained and educated the children about their mother tongue language, although it was a bit hard on the young children to understand what the International Mother's Day was about because the Zulu language is the only language they are using on their regular daily basis (eg schools, home and with friends).

Malangeni Library was having a problem of school children stealing school bags among themselves in the library, and we were getting lot of complaints from parents, threatening us telling that their children will no more come to our library because their children bags were not safe, and we go to the nearest schools and talk to their principals and they suggest that we must talk with school children during the assembly and teach them about the library and the role that played by the library in their lives and we did that, and we get good results after that.

In March 2013 the pensioners from Pennington came to Malangeni Library to assist the school children with Mathematics and English and assisted them with their homework every Fridays. The parents really appreciated the assistance from this ex teachers from Pennington as the service was free. Due to growing number children attending these lessons they decided to move to our nearest school after three months.

On the 15, 16 and 17 of May 2013, Malangeni Library hosted the SLIMS training. The trainee was from KZN Provincial Library, Umdoni and Hibiscus Coast Municipality attended the training. All the Umdoni libraries are now computerized and linked. Multi library membership is no longer necessary since one card can be used in all eight libraries.

LIBRARIES

SEZELA LIBRARY

In July 2012, the library focused on Nelson Mandela. Sezela Library did a very informative display on this great hero. As many of the children were doing projects, speeches biographies and book reviews. This display was very beneficial to the scholars. Books, articles paper clippings and information from the internet was used. We encouraged the children to write poetry, do song and dance and sketches of Nelson Mandela.

In August 2012, we started an outreach program which coincided with woman's month.

Sezela library initiated an outreach program to the local community. There were many unemployed but educated and talented women who needed money to support their family. A flea market was held on the last Saturday of every month for these women to make money and a way for the library to bring in new members and encourage exiting to make regular use of the library.

Gateway Youth Foundation is running and monitoring and support program. We have encouraged many of our members to join this group. The activities take place in our activity room. All literature that is used for this program is used from the library.

Many school children visit the library after school and also to wait for their transport. During this time we take this opportunity to do activities with them. If these children are not kept occupied, they become very disruptive in the library. We occupy them with storytelling, puzzles, board games, finger painting, paper crafts, and brain teasers and other activities.

Once a year all librarians attend the library conference at the ICC in Durban. Every year the conference has a different theme. There we meet

LIBRARIES

dynamic people that give motivational talks on specifics topics.

Occasionally librarians are invited to the book boutique, where we meet popular or new authors.

This year the librarians were given many opportunities to go on the book selection. Interests group meetings and book exchanges are four times a year. This year libraries were quite busy with the libraries as the smaller libraries went online. This involved a bit of training. The libraries had to start enrolling members online. There were a few teething problems but we are now settling down. Sezela Library welcomes Rani Govender the newly appointed Library Assistant.

PENNINGTON LIBRARY

In December 2012, the "Toy Story Too" project was held in the Activity room. The children from the Fellowship Ministries were treated to a Christmas party. They were given gifts and snacks. Young adults were given stationery packs and juveniles were given toys.

Pastor Pieter and Pastor Alvin Mundie and Mr Hanafey had planned a sketch and sang beautiful Christmas carols. The project was a great success.

In May 2013, Pennington Library staff had a display of various South African authors in order to promote and encourage patrons to read South African books.

In June 2013, a collection of warm clothes and blankets for adults and children was completed for the "Pennington Library Winter run Project".

SHAYAMOYA LIBRARY

During Library week the children were invited to the library and were given material to colour. The Sivananda Primary school was invited to the

LIBRARIES

Library where we provided them with Library bags and book marks.

In December 2012 the staff attended the SLIMS training which was conducted by KZN Provincial Library Services. The second training was done at Malangeni Library from 15-17 April 2013. The library was closed due to the training taking place. The members were very excited to know that they can now use one card to borrow books from any Umdoni Library.

PARK RYNIE LIBRARY

Park Rynie Library is a small library that is mainly used for studying purposes as the students find the library quiet and peaceful. The Library had a burglary on 08 August 2012 which the computer, amongst other equipment and library material being stolen.

In November 2012 the staff attended the Annual Library Conference of which the motivational speakers inspired us. We took this opportunity to network and meet other Librarians and discuss how to create innovative ideas to make the Library and better place for the public members.

During Library week in March 2013, we had given the children colouring books to colour and enjoy.

In April 2013, we attended the SLIMS training after which we went “live”. The patrons are very excited to know that the Library now is connected to the Internet.

IFAFA LIBRARY

From July up to December 2012 Ifafa Library had various Christmas displays - from card making to Christmas decorations and presents.

On Mandela-day there were a lot of activities in and around the Library;

CHAPTER THREE
COMMUNITY & SOCIAL SERVICES

LIBRARIES

children had school projects on this topic. The swings across the road from the Library were painted and fixed by volunteers.

From the 26 - 29 November 2012 we attended the SLIMS training in Pietermaritzburg.

In December 2012 volunteers organized a Christmas party for the under privileged children of the community.

During December to March, we hosted a face-mask painting competition. We were helping children with information and pictures for projects and to get ready for the up-coming exams!

The locals appreciate the upgrading and are looking forward for the computers for the public use.

In June 2013 the Local ladies organized a fundraiser where they made more than R260.00. That money was donated to CUPA CANCER. They held a cake and tea charity party where the locals and visitors gave a donation. The hall was beautifully decorated in pink.

Every last Thursday of the month, women of the community organize various presentations and talks about different topics. They also come together to knit beanies for premature and new born babies, which they donate to the needy and the G.J. Crooks hospital.

CEMETERIES

CEMETERIES

Statistics for the financial year 2012/2013 were recorded as follows and is compared to the 2011/2012 financial year:

NUMBER OF BURIALS	
2012/ 2013	**2011/ 2012**
48	**52**

LIST OF CEMETERIES BY UMDONI

- Scottburgh
- Park Rynie
- Shoyamoya
- Humberdale

CHAPTER THREE
SPECIAL PROGRAMMES

HIV/AIDS PROGRAMMES

Umdoni Local Aids Council

Umdoni Local AIDS Council met on 21 September 2012 at Scottburgh Town Hall.

The main Agenda Items:

- Launch of Ward AIDS Committees (WAC)
- Umdoni Strategic planning workshop
- Schedule dates of LAC meetings
- Stakeholders reporting template

Members of the Local AIDS Council agreed on the deadline for the launch of ward AIDS committees to be finalized by 15 November 2012. The proposal for a 2 day Strategic Workshop for LAC Members was also on the Agenda and Members proposed that it must be held just after the launch of WACs

Members of the LAC committee also emphasized on the celebration of World AIDS day of which it is on the 1st of December 2012, on Saturday.

HIV/AIDS AWARENESSES

An HIV/AIDS Awareness was held at KwaCele Hall on Thursday, the 27th of September 2012. Amongst organizations that were present included Red Cross, DSD, UVHAA, as well as Ocean View FET & Nursing College, Special Programmes Officials and Deputy Mayor of Umdoni, Cllr M.O Zama.

Members of the community were over 100 members that turn out to attend.

Apologies from crucial Departments such as Department of Health, Ugu Department of Health and Khanya Hospice were also received due to other deadlines that they had experienced.

A second HIV and AIDS awareness campaign for year 2012/2013 was held on 20th of February 2013 at Malangeni ward 7, Magwaza area. Over 40 members of the community attended. Members of the community had an opportunity to directly communicate

HIV/AIDS PROGRAMMES

with Department of Health and Red Cross other stakeholders and they were trained in many activities with regards to HIV and AIDS.

The Ward AIDS committee for ward 7 was launched on the same date and all relevant local stakeholders were incorporated into the same committee Cllr. G Nyuswa of ward 7 was present for the Awareness and also formed part of the Ward Aids Committee.

WARD AIDS COMMITTEES

The following stakeholders participated and formed part of the structure in those wards:

- Ward Councillor would be the Chairperson
- Government departments : local Teacher, Clinic nurse, Social worker and the CDW
- Traditional leadership representative
- Representative from non-Governmental sector
- Legal Human rights sector (if any in the ward)
- Community based organization sector
- People with disability Representative
- Faith based organization
- People living on farms representative
- Women's representative
- Men's representatives
- Traditional Healer's Practitioners
- PLWHA Sector from support groups
- Local Business
- Sports representative
- Senior citizens representatives
- Ward Committee Representative & Youth representative

Stakeholders were invited by Special Programmes coordinator with the assistance of the ward councilors.

CHAPTER THREE
SPECIAL PROGRAMMES

SPECIAL PROGRAMMES

Launched wards: Ward 1, 2, 3, 4, 5, 7, 8, and 9. All Wards Councillors are chairpersons of the committees as per terms of reference. Ward 6 &10 are still outstanding. Challenges were also faced as we have only launched 8 out of 10 WACs and Umdoni HIV/AIDS Strategy is also outstanding and will be prioritized in 2013/2014 FY.

UDAC: UGU DISTRICT AIDS COUNCIL

Ugu District Aids Council was held on the 8th of February 2013 at MPCC Malangeni.

This is part of rotation that takes place in all Local Municipalities by Ugu District Municipality. With Ugu District, the Team from Operation Sukuma Sakhe (OSS) became the part of UDAC. OSS team was present and social challenges that are experienced by Ugu communities are discussed then Sector Departments assist each other in resolving those challenges in a short space of time as a collective.

ORPHANS AND VULNERABLE CHILDREN-OVC

A total of 27 schools benefited from Dress a School campaign held on the on the 4th March 2013, at Umzinto Town Hall. Present at the event were the Honorable Mayor Cllr. SSI Khwela, Cllr. Zondi, Cllr. Gambushe, Cllr. Myende, Cllr. Mtolo, Cllr. Maphumulo and the Special Programme officials as well as the Media.

SPECIAL PROGRAMMES

THE FOLLOWING SCHOOLS THAT BENEFITTED FROM THE PROGRAMME WERE:

NO	NAME OF THE SCHOOL
1	Scottburgh Primary
2	Umzinto Secondary
3	Malangeni Senior Primary
4	Khuphuka Primary
5	Amandawe Primary
6	Mahlashana senior Primary
7	iNjabulo Senior Primary
8	Gugulesizwe High
9	Amahlongwa Primary
10	Olwasini Primary
11	KwaMaquza Primary
12	Zithokozise High
13	Celokuhle Primary
14	Macebo Primary
15	Shonkweni Primary
16	Roseville Secondary
17	Tholimfundo Primary
18	Umzintovale Primary
19	Shayamoya
20	Umzinto Primary (Old Main Road)
21	St Francis
22	St Patrick
23	Sezela Primary
24	Ifafa Primary
25	Bongumbhele
26	Vusisizwe
27	Mhlangamkhulu



BENEFICIARIES AWAITING THEIR NEW SCHOOL PACK



SEEN ON THE PICTURE: HIS WORSHIP THE MAYOR: CLLR SSI KHWELA,WARD 1 CLLR MN MAPHUMULO, OFFICIAL OF THE SPECIAL PROGRAMMES OFFICE: MR L DLUDLA & MS S KHATHI WITH THE BENEFICIARIES

Schools which did not participate on the event / programme day due to late submission were: KwaHluzingqondo, Moyeni Primary, Scottburgh High, St Anne's Primary and Sihle High.

CHAPTER THREE
SPECIAL PROGRAMMES

DISABILITY

DISABILITY

On the 5th April 2013, a disability programme of wheelchair handover was held at Umzinto Dining Hall. Present on that day were His Worship, The Honorable Mayor Cllr. SSI Khwela, Honorable Deputy Mayor Cllr MO Zama, Ward councillors and PR councillors of Umdoni Municipality, Umdoni Municipality Disability forum members and Ugu District Disability Programme Coordinator Ms. Balungile Cele.



In attendance: The Deputy Mayor Cllr MO Zama, Cllr Bhoola, Cllr Ndlela, Cllr Sookhraj, Cllr Mdluli, Cllr Armugam, Cllr Gambushe and Cllr Zondi

Beneficiaries were identified by the assistance of all ward councillors and they were:

Ward 1	:	NONHLANHLA NDLOVU
Ward 2	:	NANA RUBY MGOBHOZI
Ward 3	:	MOLLIE RAMPEAR
Ward 4	:	MTHOBISI XABA
Ward 5	:	LUNGANI MSANI
Ward 6	:	SANELE MHLAMUNYE
Ward 7	:	SIBUSISO ANTONY NGUBO
Ward 8	:	NELISIWE DUMA
Ward 9	:	PILOT MZIMELA
Ward 10	:	RAMA NAIDOO

SPORTS AND RECREATION

KWANALOGA GAMES





KWANALOGA Games Opening 2012: Ugu District & Participants in "ACTION"

KWANALOGA Games are annual Games held by all 10 District Municipalities with their Local Municipalities as well as a Metro Municipality in the Province of KwaZulu-Natal. Various stakeholders and Government Departments participate to make these Games a success. For the Financial Year 2012/2013, KWANALOGA Games were held on the 7th-11th of December 2012, at UThukela District. Umdoni Municipality paid for accommodation for six councillors and two Umdoni Officials at Lennox – Guest House and were transported by council vehicle. Umdoni Municipality was represented in soccer, netball, athletics, swimming and rugby.

CHAPTER THREE
COMMUNITY & SOCIAL SERVICES

SPORTS AND RECREATION

MAYORAL CUP

Umdoni Mayoral Cup Tournament started on the 1st June 2013 with ward games. As an Annual Sporting Event, 3 sporting codes for financial year 2012/13 Financial year were Netball, Volleyball and Soccer

The Quarter Finals were played in Malangeni MPCC Sport Field on the 16th of June 203 and the teams commenced through to the Finals

The finals were played on the 22nd of June 2013 at Malangeni MPCC Sport Fields and all councillors and other stake holders were invited to the day of the finals. The games started at 10H00 and the results of the finals were as follow:

Mayoral Cup Champion for 2013

- 1st Place: Shozi Community Team (walked away with Floating trophy+R20, 000-00 prize money)
- 2nd Place: New Delhi (R10.000-00)
- Semi – finals runners up:
 - Shayamoya United (R2500-00)
 - Mhlangamkhulu aces (R2500-00)

Other codes, Volleyball and Netball also competed and prize monies as well as trophies were presented to the winners by His WorshipThe Mayor, Cllr SSI Khwela, assisted by Sport Champions Cllr NM Maphumulo, Cllr Myende, Umdoni officials and Sport Council members.



YOUTH DEVELOPMENT

YOUTH DAY CELEBRATION

Youth day celebration was successfully held on 17 June 2013 at Amandawe Community hall, approximatly 800 youth from all 10 ward of Umdoni attended the event.
Motivational speaker/Pastor Zondo from Igagasi FM attended and gave a motivational speech. Also from Provincial Legislature was Mr Kwazi Mshengu who gave constructive talk to the Youth about the importance of self-discipline and a need for Youth to do well in their respective communities. Issue of drug Abuse was spoken about as well. Official hand over of youth initiative funds was done by Honorable Cllr.SSI Khwela, the Mayor of Umdoni, on the same day. The uniform and rehearsal material were given to Sounds of Africa and Emzini Arts, the Abangqongqozi maskandi group was given the recording funds, Dala Isu was given ploughing material. The kits for Mayoral Cup winners at Ward level was also handed over by the Mayor with ward Cllrs that attended. Entertainment was provided for by Youth groups from Umdoni Municipality. In all wards and lot of talent was shown to the community.

YOUTH IN BUSINESS

The youth initiatives fund evaluation/ selection committee met on the 1st of February 2013. The committee recommended that out of 14 applicants, four organizations be recommended/funded with the amount of R20 000 only per organization. Geographical spread within the municipality was also considered. The committee further recommended that all material or items needed by these organizations be procured for by the Municipality using the quotations system and NO Funds to be given to any of the benefited group or organizations.
Council members.

AMAHLONGWA YOUTH CENTRE

On the 13th of October 2012 Amahlongwa Youth Center was launched at KwaHluzingqondo high School. Officials present were The Department of Sport and Recreation Officials, Umdoni Mayor Cllr S.S.I Khwela, Cllr. N.M Maphumulo, Umdoni Sports Council, Malangeni Hub and Special Programme Staff .More initiatives will be rolled out by Both Umdoni Municipality 7 the Department of Sports &Recreation in the year 2013/2014, the target being Amandawe and KwaCele and Umdoni Area as a whole thereafter.

CHAPTER THREE
COMMUNITY & SOCIAL SERVICES

YOUTH DEVELOPMENT

ORGANISATION	WARD	AMOUNT
Sounds of Africa : Gospel Group	09	R20 000
Emzini Arts Production Music Theatre	04	R20 000
Abangqongqozi : Maskandi Music Group	07	R20 000
Dala Isu Vegetable Farm	01	R20 000

BURSARY FUNDS

The bursary fund evaluation/selection committee met on Wednesday, 23rd of January 2013 and awarded a total of 12 deserving prospective students with registration fees for 2013.Based on the Assessment and requirements met, only 11 students qualified, giving them an opportunity to be assisted with R5000,00 that would go towards their registration at Tertiary Institutions. The 12th student received a full bursary as per the 80/20 clause on Bursary registration Policy of Umdoni. All 11 students were 1st year students at their respective Tertiary Institutions and the 12th student, a returning student.

The Following reflect a table of Students that will Benefit on Umdoni Bursary/ Registration Scheme

NAME &SURNAME	INSTITUTION/COURSE	AMOUNT QUALIFYING FOR
Hlongwa Nonzuzo P	Ukzn/ Bsc Degree	R5000.00
Maphumulo SakhileE	Unisa /B.Education	R5000.00
Jwara Bafikile C	Icesa.ND.Travel&Tourism	R5000.00
Ngcobo Noxolo	Ukzn/Bsc	R5000.00
Mthethwa Sabelo G	Ukzn/Bcom:Accounting	R5000.00
Hlongwana Mfanufikile	Mut/ND Analytical Engineering	R5000.00
Nyuswa Thabani I	Icesa /Diploma Computer Studies	R5000.00
Cele Pretty-girl Z	Unisa /Diploma Teaching	R5000.00
Gama Sihle T .A	Damelin/Diploma Public Administration	R5000.00
Ntini Vusisizwe	Ukzn/Bsc Electrical Engineering	R5000.00
Msabala Thobani P	Ukzn/B Social Science, Social Work	R5000.00
Mthethwa Philani	Berea TechCollege/Civil Engineering N5/N6	R13921

YOUTH DEVELOPMENT

CAREER GUIDANCE

In partnership with the Department of Education and Ugu District Umdoni Special Programmes Office co-ordinated a successful Career Exhibition day, whereby all high schools were invited to assist their learners to meet Tertiary Institutions as well as prospective employers (i.e. Sharks Board, SANDF, ESKOM and others) to path know led to the Youth in School.

GENDER PROGRAMMES

Women Empowerment Workshop

Umdoni Special programmes co-ordinated a Women empowerment Workshop, the target was 150 Women from all 10 wards and all wards were represented in the workshop. The workshop took place on 22 August 2012 at Umzinto Town Hall. All councillors were invited, one woman councillor was present.

Women Parenting skills workshop

Co-ordination and accompanying 10 women attending the parenting skills workshop at Margate hotel on 26 to 28 September 2012. A programme aimed at Young women to cope with work and parenting skill, a programme sponsored by Department of Transport, Community Liaison and Safety as well as Ugu District

Umkosi Womhlanga (Royal Reed Dance)

Special Programmes Coordinator attended the Reed dance planning meeting which was held on 24 August 2012 in Nongoma (Enyokeni). Two (2) buses were arranged and paid for by Umdoni Municipality, Department of Arts & Culture added one Bus. Inspection was also done on the 27th of August 2012 by Umdoni Traffic/ Protection Services to ascertain their status of road worthiness in transporting the maidens to KwaNongoma. Approximately 150 Maidens from Umdoni Municipality attended this prestigious Cultural Event and were addressed by Isilo Samabandla, His Excellence King Goodwill Zwelithini.

CHAPTER THREE
ENVIRONMENTAL PROTECTION

ENVIRONMENTAL, PARKS & WASTE MANAGEMENT SERVICES

ENVIRONMENTAL

The primary role of the Environmental Management section is to ensure that all development and land development applications and associated activities are in accordance with environmental legislation and environmental management best practice principles, and should there be a breach in the law appropriate enforcement and remedial measures are taken. The Environmental Management section continues to strive for the protection of the environment for the present and future generations and to assist in upholding the people's Constitutional right to an environment that is not harmful to their health or well-being.

The Environmental Management section showed continuous progress during the 2012/2013 financial year with increased emphasis being placed on combating environmental crimes, particularly pollution related contraventions and illegal tree felling.

THE TOOLS THAT GUIDE THE ENVIRONMENTAL MANAGEMENT:

Strategic Environmental Assessment (SEA)

The strategic environmental assessment (SEA) which was adopted by Umdoni Municipality in August 2012, Council supports the planning decision making process to ensure development and land transformation activities are undertaken in a sustainable manner. Strategic Environmental Assessment is an important tool used to guide all planning and development processes, not only for conservation reasons but also for the acknowledgement of the vital role the environment plays in providing free goods and services to the people. SEA is a participative process that identifies the opportunities and constraints that the environment places on development and can set the criteria for levels of environmental quality or limits of acceptable change. A strategic environmental assessment is an important tool used in the development of the Spatial Development Framework (SDF), land use management systems and disaster management plan as the sea includes a detailed analysis that identifies ecologically sensitive areas, zones with good agricultural potential, areas ideally suitable for development such as flood plains, wetlands, coastal

zones and places of geological instability.

Integrated Waste Management Plan

Waste service is one of the key service delivery areas of the municipality, with services rendered in the form of refuse collection, landfilling and street sweeping. The waste management plan puts measures in place to provide a more effective and efficient waste management service thereby reducing operational cost and improving service delivery. A significant part of the municipal budget is allocated to waste related services and this is likely to increase it is therefore imperative that the municipality take measures to reduce cost implementing plans to promote recycling, reduce the production of waste control the consumption of non-recyclable material. The Umdoni Municipality has adopted the Integrated Waste Management Plan which was compiled by the District Municipality for all local municipalities in the district.

PARKS AND GARDENS

The maintenance of verges in the Municipality has been outsourced where the contractor is responsible for the upkeep of all verges, beach area, public open spaces, removal of alien vegetation eradication and public open spaces, pruning of tree overhanging roads, removal of dead/decaying trees, tree trimming, tree planting cleaning of drains, riverbeds and council owned buildings have all been included in the verge maintenance contract. This service has created many jobs is also part of the Expanded Public Works Program (EPWP)

This subsection also provides assistance in cutting of sports grounds for functions, alien vegetation eradication management and control at TC Robertson in Scottburgh and Nkomba Conservation Area in Pennington, clearing of rivers and streams of vegetation and removal of dead trees on the river bed, cut the grass in the Kelso Area, up keep of council gardens and planting of indigenous plants and trees.

CHAPTER THREE
ENVIRONMENTAL PROTECTION

POLUTION CONTROL

Pollution can have disastrous consequences to human health, animals and the environment. Controls that are in place ensures the safety of humans, animals and the environment. The Umdoni Municipality has the following in pollution control:

BYLAW

The bylaw is enforced on individuals that are found guilty of causing pollution and are given the opportunity to clear pollutants and rehabilitate the environment.

REHABILITATE AND CHARGE

Individuals that fail to comply with the bylaws and rehabilitate the environment, the municipality rehabilitates the environment and all costs are recovered from the individual.

CLEAN UP OF COUNCIL PROPERTIES

Instances where there is illegal dumping on council property and the person/s cannot be traced the municipality refuse collection section clears the illegal dumping.

REFER TO OTHER ORGANS OF STATE

Pollution on a large scale is referred to KZN Department of Agriculture and Environmental Affairs who institute legal action,

STREET SWEEPERS

Clean CBD of all litter and prevent this from entering rivers and streams.

REFUSE RECEPTACLES

The placement of refuse receptacles in areas where there are high volumes of pedestrians ensures waste is placed into the receptacles.

CLEAN UP CAMPAIGNS AND AWARENESS

The Umdoni Municipality is involved in cleanup campaigns which promotes a cleaner environment, awareness at schools in protecting the environment and conserving our resources.

RECYCLING

Prevents waste from entering water courses and from being landfilled. The more waste that is recycled promotes a greener and cleaner environment. The Umdoni Municipality has commenced with recycling initiatives and plans to introduce recycling throughout the municipality.

SECURITY AND SAFETY

CHAPTER THREE
ENVIRONMENTAL PROTECTION

SECURITY AND SAFETY

Protection Services and Traffic Policing Department

Sec 56's (Written Notices) that was issued from 01 July 2012 till 30 June 2013	**R1 030 150**
No of charges that was issued	**R1 391**
Spot Fines that was issued from 01 July 2011 till 30 June 2012	**R398**
No of Motor Vehicles Accidents that was attended by Traffic Staff	**R36**
No of vehicles suspended due to unroadworthiness	**R22**

Major Public Activities attended to

1.	**Scottburgh Classic Car Show**	**29/07/2012**
2.	**Umzinto Secondary School Fun Run**	**30/08/2012**
3.	**SAPS Cycling Championship Race**	**17/09/2012**
4.	**Global Woman Network March**	**27/09/2012**
5.	**International Flair Mardi Gras**	**30/09/2012**
6.	**Official opening of the Social Development Building**	**05/10/2012**
7.	**Amanzimtoti Athletic Club Road Race**	**07/10/2012**
8.	**Umzintovale Primary School Fun Walk**	**12/10/2012**
9.	**St Francis Primary School Debs Ball**	**19/10/2012**
10.	**Road Safety Launch**	**24/10/2012**
11.	**Mardi Gras**	**23/12/2012**
12.	**Afriforum march**	**22/02/2013**
13.	**Natal Motorcycle & Car Race**	**08&09/03/2013**
14.	**Sezela Primary School Fun Run**	**08&09/03/2013**
15.	**Gethsemane Revival Centre Easter March**	**29/03/2013**
16.	**Bethany Evangelical Church Easter pageant**	**30/03/2013**
17.	**Easter Sunday Mardi Gras**	**31/03/2013**
18.	**Operation Hlasela**	**09/04/2013**
19.	**SANI 2 C race**	**26/04/2013**
20.	**MEC of Finance Visit**	**30/04/2013**
21.	**Umzinto Child Welfare Fun Walk**	**19/05/2013**
22.	**Sezela Primary School**	**31/05/2013**
23.	**Umdoni Christian Academy Annual Family Fun Day**	**01/06/2013**
24.	**Methodist Church SA: Woman & Child Abuse Walk**	**16/06/2013**
25.	**Umdoni Youth Day Commemoration**	**17/06/2013**
26.	**Apostolic Faith Mission Child Protection Walk**	**17/06/2013**

Income received 2012/2013

1.	Traffic fines	– R187 400
2.	Driver's Licence Testing	– R1 543 803.50
3.	Driver's Licence Motor	– R89 149.12
4.	Taxi Fees	– R 23 684

Roadblocks held in the Umdoni Jurisdiction

Roadblocks and Vehicle checks were held in various areas within the Umdoni Jurisdiction.	
No of vehicles stopped and inspected	1245
No of charges	197
No of Warrants of Arrests	27

Festive Period – December 2012

In November 2012, 15 Traffic Reservists were employed on a 3 month contract to assist with traffic control and road closures.

Festive planning and debriefing meetings were held during the course of the festive period with relevant Law Enforcement Agencies and affected Business Houses, to ascertain the challenges experienced in previous years and for solutions and proactive measures to be enforced. Access control points and road closures on strategic public holidays were done to minimize crowd capacity and vehicular traffic entering the various beaches. Staffs were deployed at strategic points so that vehicular traffic and crowd control was maintained.

Therefore there were minimal incidents or accidents that occurred during the festive period.

CHAPTER THREE
SECURITY & SAFETY

DISASTER MANAGEMENT

FIRE & DISASTER CENTRE

Type of Incident	Umdoni	Umzumbe	Vulamehlo	Totals
Dump fires	7	Nil	Nil	7
Bush fires	59	21	8	96
Vehicles fires	24	8	1	33
Aircraft crash	Nil	Nil	Nil	Nil
Aircraft emergency landing	Nil	Nil	Nil	Nil
Electrical fires	19	5	1	25
Structural fire	40	24	7	71
Trees across roads	29	4	8	41
Special service	4	Nil	Nil	4
False alarm (good intent)	1	3	Nil	4
Garden refuse	9	Nil	Nil	9
Chemical fires-spills	1	Nil	Nil	1
Floods	52	Nil	Nil	52
Medical rescue	1	Nil	Nil	1
Motor Vehicle accident	59	15	10	84
Hazmat(specific)	Nil	Nil	Nil	Nil
Awareness-schools	21	Nil	Nil	21
Building plans	60	Nil	Nil	60
Public violence related incident	Nil	Nil	Nil	Nil
Building Plans approved and not approved	46 approved 14 not approved	Nil	Nil	60
Business inspection	39 approved 22not approved	Nil	Nil	61
Routine Business inspections	35	2	Nil	37
Tents	12	5	8	25
Blankets	140	79	15	234
Plastic Sheet	34	4	2	40
Food Parcels	250	Nil	Nil	250
Totals	**978**	**170**	**60**	**1187**

CHAPTER THREE

SPORT AND RECREATION

SPORT AND RECREATION

BEACH SECTION

INTRODUCTION

The long sandy and rocky beaches are some of the greatest assets within the Umdoni Municipality area. Within our 40 km of coastline, there are some safe bathing beaches and many non-bathing beaches.

STAFF

19 permanent staff are tasked to ensure that our beaches are clean and a place to be enjoyed by all our communities and visitors.

The staff breakdown is as follows:

Beach Manager, 1 x Senior Lifeguard, 4 x Lifeguards, 1 x Team Leader, and 11 General Workers.

Our General Staff work Monday to Friday, a 5 day week. Although understaffed we strive to present a facility that will be enjoyed by all.

Area 1 (Scottburgh to Rocky Bay) A yearly tender is awarded to clean over the weekends, public holidays and to assist our staff with the cleaning over the seasonal periods.

During the seasonal holiday periods the Contractors bring on additional staff to cater for the large crowds that converge on all our beaches.

Area 2 (Kelso to Mtwalume) these beaches are cleaned by a Contractor, 7 days of the week. There is no Municipal cleaning staff at these beaches.

Scottburgh Main Beach is the only beach that offers Lifeguarding services 7 days a week. Pennington and Park Rynie beaches are referred to as weekend beaches due to lifeguards being stationed there only on weekends and public holidays, during the out of season periods only.

12 additional bathing beaches are opened up during the holiday seasons, and an additional 30 lifeguards are employed by the Lifeguarding Services to patrol these beaches.

CHAPTER THREE
SPORT AND RECREATION

SPORT AND RECREATION

FUNCTIONS

The following services are provided by the Beach Section:

- Professional Lifeguarding Service which includes the Rescue of the Drowning;
- Pro Active Lifeguarding;
- Rendering the necessary First Aid and Attend to Lost Children and Property;
- The Cleaning of all facilities and grounds; and

 Attend to Repairs and maintenance of Buildings, Vehicles and Rescue Equipment.

The municipality may pursue the Blue Flag Program for some of its beaches in the 2014/2015 financial year.

FACILITIES

We boast with the best facilities on the South Coast and as such our facilities are in demand. Our beaches and beach grounds are used for the following:

- Weddings
- Annual Races
- Competitions
- Functions
- Night Markets

Use of the facilities for functions can be done through a booking system.This year 2013, the Africa Marine Expo was held at the Scottburgh Main Beach. A variety of events are planned, which cater for all needs.

CAMPSITE

Our campsite at Park Rynie is approximately 1km in length and has the best sea views. We have only 1 staff member on site who is tasked with ensuring that the place is clean and facilities are in working order.

The campsite is cleaned by a service provider over weekends and during the seasonal periods. Additional staff members are brought in for seasonal periods.

FUNCTION

The function of the campsite is to provide a safe environment for its patrons, thereby attracting Tourism to the area.

CHAPTER THREE

SPORT AND RECREATION

SPORT AND RECREATION

The campsite has been revamped, a new road and high mast lighting are in place. This is a cold water campsite. Electricity plug points are not provided.

The campsite has been marked into individual site measuring 9m x 6m. Booking is essential to secure the use of the campsite.
Pets and motor cycles are not allowed into the campsite.

COMMUNITY FACILITIES

Umdoni Municipality has 7 Community Halls, 2 Town Halls The facilities are equipped as follows:

LIST OF HALLS	CHAIRS	TABLES	KITCHEN FACILITY	STOVE	FRIDGE	CEILING FAN	AIRCON	ALARM
COMMUNITY HALLS	200	10	Yes	--	--	Yes	--	Yes
Amahlongwa Hall	300	10	Yes		--	Yes	--	Yes
Amandawe Hall	200	10	Yes	--	--	Yes	--	-
Malangeni Hall	200	10	Yes	--	--	Yes	--	Yes
Shayamoya Hall	200	20	Yes		Yes	Yes	Yes	Yes
Umzinto Dinning Hall	100	10	Yes	--	--	Yes	--	--
Ghandinagar Comm. Centre	300	20	yes	--	--	--	--	--
Kwa Cele Community Hall								
TOWN HALLS								
Umzinto Town Hall	750	100	Yes	Yes	Yes	--	Yes	Yes
Scottburgh Town Hall	300	30	Yes	Yes	--	Yes	--	Yes

CHAPTER THREE
SPORT AND RECREATION

SPORT AND RECREATION

MKAKWA CELE COMMUNITY HALL

The Mkakwa Cele Community Hall was completed and officially opened on 15 November 2012 by the Honourable MEC for Human Settlement and Public Works, Mr R R Pillay. The hall is 468 square meters in extent with an entrance porch, raised stage with change-rooms, male and female ablutions, kitchen, enclosed courtyard, asphalted parking area, concrete palisade fencing and external lightings. The total construction value inclusive of VAT was R5,241,068.00.

Statistics for the hire of community facilities comparatively for the past 2 years listed hereunder:

List of Halls	2012/2013	2011/2012
Umzinto Town Hall	151	132
Umzinto Dining Hall	79	72
Scottburgh Town Hall	52	48
Malangeni MPCC	48	36
Shayamoya Community Hall	15	24
Amandawe Community Hall	62	48
Amahlongwa Community Hall	78	48
Gandhinagar Community Centre	62	36
Kwa Cele Community Hall	36	2

CHAPTER THREE

SPORT AND RECREATION

SPORTSFIELD

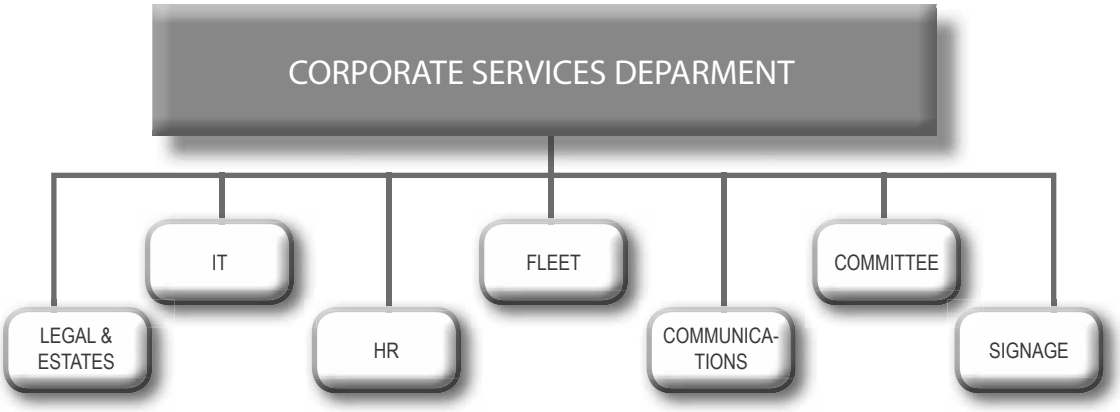
Umdoni Municipality has now established 6 sport fields. Details relating to such facilities were recorded as follows:

Sportsfield	Fencing	Lighting	Ablution Blocks	Combi Court		Status
Umzinto Sportsfield	Yes	Yes	Yes	Yes	-	Phase 2 of the construction is 90% completed and the sportsfield is expected to be handed over in the month of September 2013. It comprises of a combo court, ablution block and seating stands.
Shayamoya Sportsfield	-	-	-	-	-	Construction of Shayamoya sportsfield is 80% complete and is expected to be handed over in November 2013. The scope of works comprises of fencing, Ablution block, combo court and seating stands.

CHAPTER THREE

DEPARTMENTAL OVERVIEW – CORPORATE & FINANCIAL SERVICES

CORPORATE SERVICES DEPARMENT



The Corporate Services Department derives its mandate from Councils key development objective, i.e. Institutional Development, Co-operative Governance and IDP. It therefore means it is largely an internal focused department with the primary aim of employee recruitment and development and enhanced and efficient administrative systems.

The strategic challenge for the municipality is to find better ways in delivering services to the Umdoni community by efficiently and effectively utilizing existing resources, structure and mechanisms to address the needs of the community in a holistic and integrate manner. It is therefore the departments responsibility to ensure that the organisation is being aligned to advance on the key objectives of the municipality by addressing human resources related issues and to amplify technological applications within the organisation.

As indicated on the diagram above, Corporate Services is responsible for the following sections:

- Legal & Estates & Registry
- Information Technology
- Human resources
- Fleet Management
- Communications and Public Participation
- Committee/Secretariat & Ward Committees
- Signage
- Administrative Services

LEGAL & ESTATES

LEGAL & ESTATES

The following registers were maintained by the Legal and Estates Section:

- Legal & Estates & Registry
- Information Technology
- Human resources
- Fleet Management
- Communications and Public Participation
- Committee/Secretariat & Ward Committees
- Signage
- Administrative Services

New policies were adopted and existing policies were amended as follows during the year under review:

NEW POLICIES		DATE OF COUNCIL RESOLUTION
1	Municipal Bid Appeal Tribunal	31 July 2013
2	Transfer Policy	29 May 2013
AMENDED POLICIES		DATE OF COUNCIL RESOLUTION
1	Credit Control & Debt Collection Policy & Bylaws	26 September 2012
2	Uniform and Protective Clothing	27 March 2013
3	Leave Policy	27 February 2013

CHAPTER THREE

DEPARTMENTAL OVERVIEW – CORPORATE & FINANCIAL SERVICES

BUSINESS LICENSES

Business Licenses

Business licenses are issued when new businesses open or for changes in the ownership of a business. The approvals from various sections namely Town Planning, Building Inspectorate, Health and Fire Sections is a pre-requisite. Licenses will only be issued when the businesses are fully compliant with all Regulations.

New policies were adopted and existing policies were amended as follows during the year under review:

Business	DATE OF ISSUE
The Tin Roof, Scottburgh	30 July 2012
Scottburgh Tattersalls, Umzinto	26 July 2012
Wimpy, Scottburgh Mall	16 October 2012
Govender's Meat Market (Meat Processing Plant), Umzinto	23 October 2012
Casa Ballena, Park Rynie	29 October 2012
Village Pub & Diner, Pennington	2 November 2012
Casbah (Lark Inn), Scottburgh	5 November 2012
Umzinto Motor Garage, Umzinto	13 November 2012
Beyond the Moon Sports Club, Park Rynie	22 November 2012
Umdoni Park Trust – Golf Club House, Pennington	27 November 2012
Checkers, Scottburgh	7 December 2012
Bell & Anchor Restaurant, Scottburgh	25 February 2013
Waffles & Cream Ice Cream Parlour, Scottburgh	25 February 2013
Beach Bar, Scottburgh	25 February 2013
Café Fish, Scottburgh	25 February 2013
Enzo's Pizzeria	19 April 2013

Sale of Municipal Properties

On 8 April 2013 the Agreement of Sale for the Remainder of Erf 533, Erf 535 and 542 Scottburgh was concluded between the Umdoni Municipality and the Provincial Government of the Province of Kwazulu-Natal. These properties will be utilized by the Provincial Government for the purpose of extending the G. J. Crookes Hospital in Scottburgh.

Municipal Property Objections and Appeals considered by the Valuation Appeal Board for the Valuation Period 1 July 2012 to 1 June 2016 in terms of the Municipal Property Rates Act 6 of 2004

In terms of the Municipal Property Rates Act 6 of 2004, the process for the lodging of objections & appeals is very briefly summarised as follows:

- The new or revised Valuation Roll is advertised for inspection and calling for objections;
- Any objection lodged is to be considered by the Valuer who may or may not alter the valuation;
- If the Valuer reaches agreement with the objector, the Valuer amends the entry for the property in question and advises the municipality of the change;
- If the amended valuation is greater than 10% more, or less, than the original valuation, the revised valuation is referred to the Valuation Appeals Board for review;
- If the Valuer does not reach any agreement with the objector, the objector has to lodge an appeal;
- The appeal is referred to the Chairman of the Valuation Appeal Board for deliberation and finality. The decision of the Board is final.

The Ugu Valuation Appeal Board was constituted by the Department of Co-operative Governance.

CHAPTER THREE

DEPARTMENTAL OVERVIEW – CORPORATE & FINANCIAL SERVICES

The first meeting of the Board commenced on 26 November 2012 and hearings for appeals which were lodged by appellants in the Umdoni Municipal area took place from 26 November 2012 to 20 June 2013.

Objections which were settled by the objector and valuer but where the change to the value of the property was either less than or more than 10% of the original value, were reviewed by the Valuation Appeal Board between 28 February 2013 to June 2013.

Umdoni Municipality was one of the first municipalities in KwaZulu-Natal to finalise the process for the period under review – 2012/13 Financial Year.

The statistical results of the objection reviews and appeal hearings by the Valuation Appeal Board is as follows:

Total Objections:	1320
Total appeals:	Full Title: **18** Sectional Title: **37** Commercial: **6** **TOTAL - 61 APPEALS**
Upheld Appeals:	Full Title: **16** Sectional Title: **36** Commercial: **6**
Dismissed Appeals, Where The Revised Value Stands:	Full Title: **1** Sectional Title: **-** Commercial: **-**
Withdrawn Appeals.	Full Title : **1** Sectional Title: **1** Commercial: **-**
Struck Off The Roll:	2 (withdrawn appeals)
Lapsed Appeals But Subject To Review By The Board:	Nil.

DEFINITIONS:

Upheld Appeals	Appeals where the value of the property was changed through the decision of the Valuation Appeals Board.
Dismissed Appeals	Appeals where the value of the property has remained unchanged through the decision of the Valuation Appeals Board.
Withdrawn Appeals	**Appeals withdrawn by the appellant.**
Appeals struck off the Roll	**Value accepted by appellant prior to hearing, appeal therefore struck off the roll.**
Lapsed Appeals	**Appellant accepts compromise prior to hearings.**

SIGNAGE

Aims and Objectives

Each year that passes the importance of signage control becomes more and more entrenched in the minds of the Umdoni ratepayers and business community.

The fact there is still a strong focus on the administration and control of the existing regulations has ensured that aesthetically the entire municipal area still remains at a high standard and this translates to the aree being pleasurable to live in as well as visit again and again.

Naturally the challenges that face any aspect of bylaw administration remain and it is a testament to the relationship between the municipality and local role players that matters are dealt with in a positive manner keeping in mind at all times the purpose of the bylaws which is to maintain and improve the aesthetic outlook of the entire area whilst accounting for and accommodating the needs of participating businesses and local residents.

CHAPTER THREE

DEPARTMENTAL OVERVIEW – CORPORATE & FINANCIAL SERVICES

Administration Policies

We have established formal policies that apply to different types of signage not necessarily addressed within the Umdoni Signs By-laws. The policies govern the placement of banners and the specifications for directional signage, as well as the placement of illuminated street name indicators, mobile signs, street furniture (pole mounted bins, pavement litter bins and advertising seating benches), and permanent poster placeholders.

Communication

The availability of the consultant to the general public has continued to be well publicised and the public has reacted well to the reliable availability of signage expertise. The consultant has attended 194 formal appointments with signage role players throughout this past year.

Revenue

The tariffs attached to the various signage permits required in terms of the signs bylaws are reviewed annually in context of any feedback from the affected public during the last year, as well as the market in general countrywide. Recommendations are made to Council with supporting documentation to assist in the formulation of the budget for the coming financial year.

The revised and approved Schedule of Tariffs, as well as updated application forms are distributed via e-mail to all members of the signage database on 1st July annually.

Umdoni Municipality consists of one main coastal town (Scottburgh) and one main inland town (Umzinto), with extremely limited avenues for the creation of advertising opportunities and the volume of revenue collected reflects this. The increase in revenue from a situation where there was little control to full professional administration and control is the most prevalent factor contained in

Reporting Period	Revenue Collected	Increase/ Decrease	Signs Removed	Public Appointments
1 July 2006 to 30 June 2007	R 23,265			
1 July 2007 to 30 June 2008	R 211,886	890%	489	191
1 July 2008 to 30 June 2009	R 303,054	30%	462	195
1 July 2009 to 30 June 2010	R 190,524	-37%	559	164
1 July 2010 to 30 June 2011	R 224,210	18%	1140	238
1 July 2011 to 30 June 2012	R 301,406	26%	367	194
1 July 2012 to 30 June 2013	R 273,441	-10%	856	184
TOTAL REVENUE =	R 1,527,786			

Physical monitoring

Signage within the area has been actively monitored resulting in the physical removal of 856 signs placed within Council controlled property. It is worth note that the amount of signs removed has more than doubled in the past year and this can be directly attributed to the fact that advertisers both local and in the extended areas are looking for every opportunity to gain market share even through the illegal placement 3rd party advertising signage . These advertisers are made consistently aware of the procedures that are in place to legally place signage within the Umdoni area.

The sign removals still take place predominantly on weekends and public holidays, thus displaying the commitment of the Council to provide the service outside of normal operating hours.

Conclusion

The 2013/4 period will see a focus on the formalisation of signage on private property within the municipal area. This will reflect in an even better aesthetic outlook for the area as well as positive growth in the revenue collected.

FLEET MANAGEMENT

A total of three vehicles for Technical Services (Nissan NP200 for the Roads Section, Nissan NP 300 hardbody for the Workshop Section and another Nissan NP 300 hardbody for Building Maintenance Section) were purchased during the 2012/13. During the same financial period, five vehicles from various departments

within the municipality were identified as unfit to perform duties and these vehicles will be advertised for public auctions, which will take place in the course of the year 2013/14.

A total of ten accidents (which reflect an increase from a total of eight accidents which were reported in the previous year being 2011/12) were reported during the year 2012/13 and were all claimed for insurance.

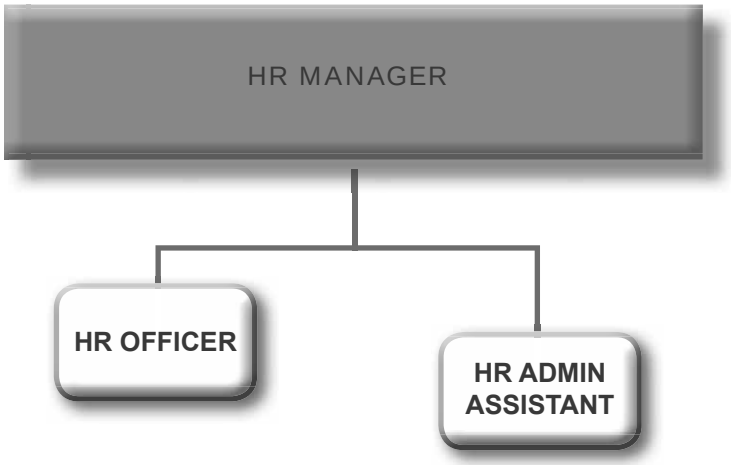
All Umdoni municipality council vehicles are branded including the new additions. Road users and the community of Umdoni can report poor driving abuse of vehicles to council.

COMMUNICATIONS

A total number of 48 Press Articles were published during this financial year. Issuing of the press articles is one of the means of communicating with our communities and keeping them abreast of what is happening in Council.

HUMAN RESOURCES

As a department falling under the ambit of Corporate Services, the main focus of the Human Resources department is to ensure efficient and effective service delivery both to our internal and external customers and to ensure fairness, openness and transparency and an office environment where confidentiality is maintained at all times.



SERVICE OBJECTIVES

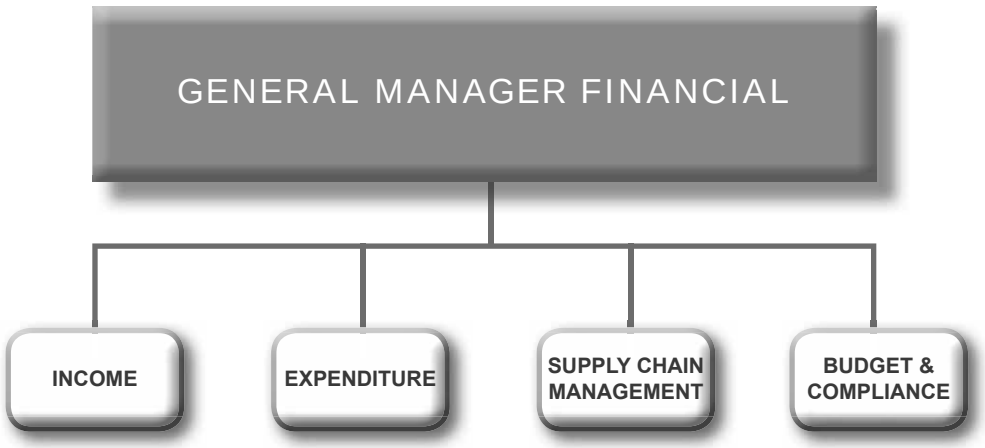
IDP STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE/OUTPUT	PERFORMANCE MEASURE(UNIT OF MEASURE)	ANNUAL TARGET	ACTUAL FOR PREVIOUS YEAR	CURRENT YEAR
3.1 / 3.3	Budget Spend on Workplace Skills Plan	Percentage Spent	100%		Achieved
3.3	To improve skills capacity for the municipality to render effective & efficient services	Adoption of a Skills Audit Report by May 2013	Adoption of Skills Audit Report		Skills Audit Process commenced, however owing to industrial action the Skills Audit could not be completed
		Number of employees to be trained/number of trainings held	Training of employees		Achieved
3.3	Employee Wellness Programmes	Number of wellness programme held	2 wellness programmes Held successfully		1 Wellness Programme completed

EMPLOYEES: HUMAN RESOURCE SERVICES					
	Year 1 (previous year)		Year 0 (current year)		
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalent) No.	Variances (as a % of total posts) %
Job Level					
0-3	24	28	21	3	10%
4-6	28	28	26	2	7%
7-9	58	60	55	3	5%
10-12	55	55	52	3	5%
13-15	42	42	40	2	5%
16-17	143	148	133	15	10%
Long term Contractual Posts – excluding Section 57					
All Inclusive	25	45	37	8	17%

CHAPTER THREE

DEPARTMENTAL OVERVIEW – CORPORATE & FINANCIAL SERVICES

FINANCIAL SERVICES DEPARMENT



The Financial Services Department manages the corporate financial affairs of the Municipality to ensure that the best possible services are provided with the available funds.

This department is responsible for drawing up the annual municipal budget and for implementing and maintaining a system that generates accurate information about the municipality's financial position for internal and external role-players, enabling them to make informed decisions.

The Department consists of the following divisions:

- Income
- Expenditure
- Budget & Compliance
- Supply Chain Management

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2013/2014: COMMUNITY SERVICES

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	Section
								OPEX	CAPEX							
								VOTE	VOTE							

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	Section
								OPEX	CAPEX							
								VOTE	VOTE							
2.2	Social and Local Economic Development	Youth Developments	Youth life skills Training Programme	all	nil	Train 100 unemployed youth	Number of unemployed youth trained	R 130,000.00	N/A	Internal	N/A	40	30	30	attendance register and report to portfolio committee	Special Programmes
								18,402,196	N/A							
		Sports and Recreation	Mayoral Cup	All	Mayoral Cup held with 3 codes	Mayoral Cup held , to promote sports and development with 3 different codes	Number of sports code	150 000 00	N/A	Internal	N/A	Team Lists completed.	Ward Level selections completed	30 June 2014, 3 codes	Atendance register for sport council,list of winners benefited	Special Programmes
								18,402,092	N/A							
		Sports and Recreation	Amandawe/ KwaCele Sports hub	2,4 &5	nil	Establish Sports Hub with 3 sport codes	Number of sports codes estabilsh	100 000 00	N/A	Internal	Advertise request for poposal	Roll out Training Programme	Roll out Training Programme	Roll out Training Programme	copy of advert, attendance register & report of portfolio committees	Special Programmes
								18,402,092	N/A							
		Elderly citizens	Elderly citizens	all	6 Elderly Citizens participating on Golden Games	8 Elderly Citizen participated with 3 codes on Golden Games	Number of Elderly Citizen participating in Golden Games	50,000	N/A	Internal	Selection to be done together with District Municipality/Games held in One Event	N/A	N/A	N/A	Minutes and attendance register of Elderly citizens	Special Programmes
								8,402,194	N/A							

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2013/2014: COMMUNITY SERVICES

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	Section
								OPEX	CAPEX							
								VOTE	VOTE							
1.4	Basic Service Delivery and Infrastructure Development	Human Settlement	Umzinto Slums Clearance Housing Project	Ward 3&6	Tranche 2 Funding approved	Construct 400 houses completed	Number of houses built	N/A	N/A	DOHS	50	130	270	400(cumulative)	Happy	HOUSING
			Refurbishmentof Riverside Park	6	nil	Refurbish 302 units	Number of units refurbished	N/A	N/A	DOHS	Appoint contractor and commence upgrade	Submit progress report to EXCO	Submit progress report to EXCO	Refurbish 302 units	close out report and progress reports	Housing
			Rural Housing Projects Phase	1,2,4,5,7,8 & 9	Tranche 1 application completed for stage 1: 30/6/13	Tranche 2 application approved by 30 February 2014	Housing Evaluationand Allocation Committee-Approval	N/A	N/A	DOHS	Project Packaging of Tranche 2 Application for Approval		Tranche 2 application approved by 28 February 2014	N/A	Approval letter from HEAC	Housing
			Rural Housing Projects Phase	1,2,4,5,7,8 & 9	Nil	Build 300 houses	Number of houses built	N/A	N/A	DOHS	N/A	N/A	N/A	Construct 300 houses	Happy	Housing
			Ingonyama Rural Housing Project	2	Nil	Pre-Feasibility Study completed by 30 June 2014	Date feasibility study completed	N/A	N/A	DOHS	Tender Advertised	Service Provider appointment	Survey Diagram Registered	Pre feasibility studies concluded	Report and Council Resolution	Housing
2.6	Social and Local Economic Development	SCHOLAR PATROL EDUCATION	Scholar patrol Education and awareness	all	15	15 scholar patrol education programmes	Number of Scholar patrol education programmes held	N/A	N/A	N/A	N/A	N/A	8	7	letter from the schools confirming	PROTECTION SERVICES
2.6	Social and Local Economic Development	Safer Roads	Road blocks and Speed timing exercises	all	12	200 vehicles inspected	Number of vehicles inspected	N/A	N/A	N/A	50	50	50	50	List of vehicle registrations	PROTECTION SERVICES

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	Section
								OPEX	CAPEX							
								VOTE	VOTE							
2.6	Social and Local Economic Development	Safer Roads	Road blocks and Speed timing exercises	all	12	200 vehicles inspected	Number of vehicles inspected	N/A	N/A	N/A	50	50	50	50	List of vehicle registrations	PROTECTION SERVICES
2.6	Social and Local Economic Development	Fire drill and education at schools	Fire drill and education at schools	all	Nil	Conduct 10 fire drills and education awarenesses	Number	N/A	N/A	N/A	4	1	1	10(Cumulative)	Confirmation letter from schools	PROTECTION SERVICES
	Social and Local Economic Development	Business premises inspections for fire compliance	Business Inspections for fire compliance	all	Nil	Inspect 40 business premises per year	Number of business premises inspected	N/A	N/A	N/A	10	10	10	10	Inspection reports	PROTECTION SERVICES

PLANNING AND DEVELOPMENT

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	Section
								OPEX	CAPEX							
								VOTE	VOTE							
2.1	Local Economic Developent and Social Development	Economic Growth and Development	LED Strategy	ALL	LED Strategy adopted 2007	Package business plan and Source funding for the Review of the LED Strategy by 30 June 2014	Date funding obtained	N/A N/A	N/A N/A	N/A N/A	Package business plan and forward to DEDT	N/A	N/A	N/A	Business Plan MOU	LED LED
2.1	Local Economic Developent and Social Development		Beachfront Development	5	Nil	Approve Scottburgh Beachfront Devlopment- Detailed designs by Jan 2014	Date detailed designs approved	1million N/A	N/A N/A	COGTA N/A	Draft designs completed and submitted to Council for comments	Council adopted designs	Project Packaged	Business Plan Packaged :Submitted to Potential funders by 30/06/ 2014	Council	LED
2.1	Local Economic Developent and Social Development	SMME'S support	Capacitation of SMME's	ALL	20 SMME's trained	Train 50 SMME's in Business Mnagement Skills	Number of SMME's trained	N/A	N/A	SEDA	List submitted to SEDA and discuss logistics	Train 50 SMMES	N/A	N/A	attendance register and list of beneficiaries	LED
					2 SMME'S assisted	2 SMME'S to be financially assisted	Number of SMME's assisted	40,000	N/A	Internal	Request for proposal for assistance	Evaluate and award	N/A	N/A	copy of the	
2.1	Local Economic Developent and Social Development	Cooperatives support	Cooperatives support	ALL	Nil	Business Plan Packaged and submitted to Potential funders by December 2013	Date funding obtained	N/A	N/A	External	Preparation of business plan and submit to potential funders	N/A	N/A	N/A	business plan and proof of submission	LED

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	Section
								OPEX	CAPEX							
								VOTE	VOTE							
2.1	Local Economic Developent and Social Development	LED IGR	Re establish LED Forum	ALL	Domant LED Forum	Establish LED Forum by SEP 2013	Date LED Forum re -establishe	N/A	N/A	N/A	Develop Terms Of Reference	Collate and Coordinate members and participants	N/A	N/A	copy of the	LED
2.1	Local Economic Developent and Social Development	Job Creation	Job creation though LED initiatives	ALL	Nil	Create 20 jobs throgh LED initiatives	Number of Jobs created through LED initiatives	N/A	N/A	EPWP	N/A		Create 10 jobs throgh LED initiatives	Create 10 jobs throgh LED initiatives	attendance register and list of beneficiaries	LED
1.1	Basic Service Delivery and Infrastructure	Provide alternative Energy to unelectrified households	Gel Distribution	2,3,6,7,&10	4000 7 litres of gel	To provide 7 ls of gel to 5400 households	Number of household distributed with gel	N/A	N/A	Internal	1 350hh	1 350hh	1350 hh	1 350hh	list of	LED
6.1	Spatial and Environmental Analysis	Integrated Planning Approach	Wall to Wall scheme	All	Scheme for urban areas	Wall to Wall scheme adopted by 30/06/ 2014	Date wall to wall adopted	R 26000 00 13,702,140	N/A N/A	Internal	Service provider appointed	First draft completed	Final draft completed	Wall to Wall scheme adopted	minutes of PSC	TOWN PLANNING
		Spatial Development Framework	SDF Review	All	Reviewed after 2 years	SDF adopted 30/09/2013	Date SDF adopted	R 26000 00	N/A	Internal	Status Quo report	First draft completed	Final draft completed	N/A	minutes of PSC	TOWN PLANNING
		Building Control	Turn around time to assess Building plans within 30 days - 500 m²max.	All Wards controlled by the Town Planning Scheme	45 days	Assess building plans with max of 500m² within 30days	Turnaround time	N/A N/A	N/A N/A	N/A N/A	30 days	30 days	30 days	30 days	report to portfolio	BUILDING CONTROL
			Turn around time to assess Building plans within 60 days in excess of 500m²	All Wards controlled by the Town Planning Scheme	75 days	Assess building plans in excess of 500m² within 60days	Turnaround time	N/A N/A	N/A N/A	N/A N/A	60 days	60 days	60 days	60 days	report to portfolio	BUILDING CONTROL
			Routine inspections conducted to ensure compliance - enforcement	All Wards controlled by the Town Planning Scheme	Five inspections per Building Inspector per day	Inspect 6000 properties	Number of properties inspected	N/A N/A	N/A N/A	N/A N/A	1500	1500	1500	1500	report to portfolio	BUILDING CONTROL

SDBIP 2013/2014:TECHNICAL SERVICES DEPARTMENT

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	Section
								OPEX	CAPEX							
								VOTE	VOTE							

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	Section
								OPEX	CAPEX							
								VOTE	VOTE							
	Basic Service Deliveryand Infrastructure Development	Solid Waste	Free Basic Refuse Removal collection		3800 households	Provide solid waste removal to	Percentage of household with access to solid waste removal		2,8million	Internal	0	0	15%	32%	reports	Environmental
	Basic Service Deliveryand Infrastructure Development	Financial Management	Capital Project		75%	spent 100 on capital expenditure	percentage of municipal capital budget spent on capital project	N/A	24,8 million	MIG/INTERNAL	10%	30%	60%	100%(Cumulative)	Financial Progress report	PMU
2.1	Social and Local Economic Development	Job Creation	Employment opportunities	all	39 Temporary jobs were created	Create 280 jobs through capital proects	Number jobs created through capital projcts	R24,8 Million	R24,8 Million	MIG/INTERNAL	70 people employed	140 people employed	210 people employed o	280 people employed	register and reports	PMU
								N/A	N/A							

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2013/2014:OFFICE OF THE MUNICIPAL MANAGER

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	Section
								OPEX	CAPEX							
								VOTE	VOTE							

CORPORATE SERVICES DEPARTMENT

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	Section
								OPEX	CAPEX							
								VOTE	VOTE							
3.1	Municipal Transformation & Institutional Development	Delegations of Authority	Review register of delegations of authority	N/A	Adopted consolidated delegations 2010	Review register of delegations of authority by Dec 2013	Date delegations of authority register adopted	N/A	N/A	N/A	N/A	Review register of delegations of authority by Dec 2013	N/A	N/A	Council Resolution and consolidated delegations	Legal and Estates
								N/A	N/A							
		Records Management	Develop and adopt Records Management Policy	N/A	Records Procedure Manual	Developed and Adopted Records Management Policy & Procedure Manual: 30/09/2013	Date developed and adopted	N/A	N/A	N/A	N/A	Develop and Adopt Records Management Policy 30/09/2013	N/A	N/A	Council Resolution and the records management policy and procedure manual	Legal and Estates
								N/A	N/A							
		WSP	Work Place Skills Plan	N/A	100 % of annual budget for WSP spent	spent 100% of annual budget on WSP	Percentage of municipal budget spent on WSP	100,000	N/A	Internal	N/A	50.00%	50.00%	N/A		Human Resources
								13,402,053	N/A							

CORPORATE SERVICES DEPARTMENT

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	Section
								OPEX	CAPEX							
								VOTE	VOTE							
		Review Organisational Structure	Review organogram	N/A	Review underway	adopted reviewed organogram	Date organogram reviewed and approved	N/A	N/A	N/A	Adopted reviewed organogram	N/A	N/A	N/A	Council Resolution and approved organogram	Human Resources
3.4	Municipal Transformation & Institutional Development	Communication Framework	Develop Communication Framework	N/A	Nil	Develop and adopt Communication Framework by Nov 2013	Date Framework adopted	N/A	N/A	N/A	N/A	Communication Framework	N/A	N/A	Council Resolution and Communication Framework	IT
3.5	Municipal Transformation & Institutional Development	Compliant I.T. System	I.T. Strategy	N/A	Nil	Develop & adopt I.T. Strategy 30/09/13	Date I T strategy adopted	N/A	N/A	N/A	Developed adopted I.T. Strategy	N/A	N/A	N/A	Council Resolution & I.T. Strategy & I.T. Governance Framework	IT
		Strategic Alignment	I.T. Governance Framework	N/A	Nil	Develop and adopt I.T. Governance Framework by 30 Sept 2013	Date IT Governance and Framework adopted	N/A	N/A	N/A	Develop and adopt I.T. Governance Framework	N/A	N/A	N/A	Council Resolution and I.T. Governance Framework	IT
		Information Security	I.T. Security Policy & Password Policy	N/A	N/A	Developed & adopted I.T. Security Policy by: 30/09/13	DateI.T. Security Policy adopted	N/A	N/A	N/A	Developed & adopted I.T. Security Policy	N/A	N/A	N/A	Council Resolution & I.T. Security Policy & Password Policy	IT

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	Section
								OPEX	CAPEX							
								VOTE	VOTE							
3.4	Municipal Transformation & Institutional Development	Business Continuity Plan	Disaster Recovery Plan	N/A	N/A	Developed & adopted I .T.Disaster Recovery Plan by: 30/11/13	Date I.T. Disaster Recovery Plan adopted	N/A	N/A	N/A	Developed & adopted I T Disaster Recovery Plan	N/A	N/A	N/A	Council Resolution & Disaster Recovery Plan	IT
		Business Continuity Plan	Restore & Back up Policy		N/A	Developed & adopted Restore & Back-up Policy by: 30/11/13	Date Restore & Back-up Policy adopted	N/A			Developed & adopted Restore & Back-up Policy	n/a	n/a	n/a	Council Resolution & Disaster Recovery Plan	IT
4.1	Good Governance & Public Participation	Community Outreach Programmes	Community Outreach Programmes	Nil	8 Outreach Programmes held	Conduct 8 Number of Outreach Programmes	number of outreach programmes held	75,000	N/A	Internal	N/A	N/A	N/A	n/a	Council Resolution & Restore & Back-up policy	IT
									N/A							
		Ward Committee Systems	Capacity Building workshops	Nil	2 Workshops conducted	2 workshops conducted	Number of workshops conducted	20,000	N/A	MSIG	N/A	1	N/A	1	Attendance register and minutes	Communication
									N/A							
4.2	Good	Cooperatiive programmes	Particpation in IGR structures	Nil	none	Conduct 1 IGR structure meeting	Number of IGR structure meeting held	N/A	N/A	Internal	N/A	1	N/A	N/A	Attendance register and minutes	Communication

FINANCIAL SERVICES DEPARTMENT

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	BUSINESS UNIT
								OPEX	CAPEX							
								VOTE	VOTE							
5.1	Financial viability Management	Improve Revenue Streams	Updating debtors information via data Cleansing	N/A	25%	90 % debtor data cleansed	% of cleansed debtor records	280000		Grants	60%	40%	N/A	N/A	Close out report	
			Adoption of revenue enhancement Strategy(measure by date of adoption)	N/A	NIL	Adopted revenue enhancement strategy by March 14	Date Adopted	12007069			N/A	N/A	N/A	May-14	Council Resolution	
		Review of Finance Policies	Review of rates policy	N/A	NIL	Reviewed Rates Policy by May 2014	Date Rates Policy reviewed	N/A	N/A	N/A	N/A	N/A	N/A	May-14	Council Resolution	
			Review of a debt collection and credit control policy (measure by date)			Reviewed debt and collection Policy by May 2014	Date debt and collection policy reviewed	N/A	N/A					May-14	Council Resolution	
5.2		Enhancement of SCM Implementation	SCM Database Data clensing	N/A	35%	Update database by December 2013	Date data base updated	40,000	N/A	Grants	Advert	Update database	N/A	N/A	SCM Database	SCM
								12,007,069	N/A							
			External verification of suppliers in the service of the state	N/A	N/A	Verify 100% of the SCM database	Percentage verified	40,000	N/A	Grants	40%	60%	N/A	N/A	SCM Review Report	SCM
								12,007,069	N/A							

IDP OBJECTIVES	NATIONAL KPA	PROGRAMME	PROJECT	WARD	BASELINE/ STATUS QUO	ANNUAL KPI: OUTPUT	KPI UNIT OF MEASURE	ANNUAL BUDGET		FUNDING	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	MEANS OF VERIFICATION	BUSINESS UNIT
								OPEX VOTE	CAPEX VOTE							
			% Completeion of SCM Plan 13/14 year	N/A	N/A	Completed SCM Plan by August 2013	Date SCM Plan completed	N/A	N/A	N/A	Aug-13	NIL	N/A	N/A	SCM Plan	SCM
		ADJUSTMENT BUDGET	Completion of Adjustment Budget	N/A	100%	Adopted Adjustment Budget by 25 January 2014	Date adjustment budget adopted	N/A	N/A	N/A	N/A	N/A	25-Jan-14	N/A	Council Resolution	BUDGET
		Risk Analysis	Review risk Register for 2014/2015 FY	N/A	Risk Register for 2013/2014	Review risk register by March 2014	Date risk register reviewed	N/A	N/A	N/A	N/A	N/A	Review risk Register		Reviwed Risk Register	BUDGET
5.3		Asset Management	Verification of assets	N/A	Annual Asset register	Bi annual asset register completed	Signed confirmation by GMs	N/A	N/A	N/A	N/A	31-Dec-14	N/A	30-Jun-14	Signed confirmation by GMs	
		Key Ratio Management	Debt Coverage Ratio	N/A	1500 : 1	Maintain the Loan Coverage Ratio	Number of times internal revenue exceeds external loan repayments	0	N/A	N/A	N/A	N/A	N/A	1500 : 1	Ratio Analysis	
		Key Ratio Management	Debtor Management	N/A	36%	Reduce the ratio f revenue to debt	% of Debt vs Municipal Revenue	0	N/A	N/A	N/A	N/A	N/A	N/A	Ratio Analysis	
		Key Ratio Management	Cost Coverage Ratio	N/A	2 times the monthly cash coverage	The number of times unemcumbered cash covers fixed monthly expenses	Number of times unencumbered cash exceeds fixed costs.	0	N/A	N/A	N/A	N/A	N/A	3 Times the Monthly Cash Coverage	Ratio Analysis	

UMDONI MUNICIPALITY ANNUAL PERFOMANCE REPORT 2012/2013 FINANCIAL YEAR												
NATIONAL KPA 1 : BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT												
IDP INDICATOR NO	IDP STRATEGIC OBJECTIVES	MEASURABLE OBJECTIVE/OUTPUT	PERFORMANCE MEASURE(UNIT OF MEASURE)	2010/2011		(PREVIOUS YEAR 2011/2012)		ANNUAL PERFORMANCE REPORT 2012/2013		ACHIEVED/NOT ACHIEVED	REASONS FOR VARIANCE	PLANNED MEASURES FOR IMPROVEMENTS
				TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL			
1.1	To ensure that all communities have access to energy sources and related infrastructure	Street light maintenance	Number of street lights maintained	N/A	N/A	0	0	485	312	Not Achieved	Continous cable theft, erratic delivery of materials to effect repairs	New Service provider has been appointed alternative sources for procurement of materials
		Distribute new Gel stoves	No. of households distributed with with Gel Stoves	1000 households	1000	1000 households	2000 households	1000	1,136	Achieved	N/A	N/A
		Distribute Gel to households	No. of HH receiving 7l of Gel per month	5000 households per month	4500	5000 per household per month	4000 household per month	48,000	51,800	Achieved	N/A	N/A
1.2	To improve, expand and maintain the existing road network, stormawater darins and pavements according to acceptable norms and standards	Kilometres of surfaced roads established: D153& Other	Number of km established	N/A	N/A	0	0	4,7km	2,95	Not Achieved	Abnormal rainfall, design changes and geotechnical challenges	More labour has been pointed to accelerate construction.
1.2	To improve, expand and maintain the existing road network, stormawater darins and pavements according to acceptable norms and standards	Kilometers of gravel roads maintained	Number of km of gravel road maintained	N/A	N/A	10	443,08	353	0	Not Achieved	Roads were maintained but there is no prper reporting procedures	Develop New standard operating and reporting procedures for road maintance programme
1.2	To improve, expand and maintain the existing road network, stormawater darins and pavements according to acceptable norms and standards	Kilometres of gravel roads established	Number of km of gravel road established	N/A	N/A	4,2	5km	7.2	5.4	Not Achieved	Abnormal rainfall, design changes and geotechnical challenges	More labour has been pointed to accelerate construction.
1.2	To improve, expand and maintain the existing road network, stormawater darins and pavements according to acceptable norms and standards	Routine maintenance of surface roads	sqm achieved	N/A	N/A	40	37.61	150	Nil	Not Achieved	The maintenance was done in all identified road however the method of verification was not available	this KPI will not be included in the SDBIP because its is too operation and not measurable
1.2	To improve, expand and maintain the existing road network, storm water drains and pavements according to acceptable norms and standards	New bridges constructed	Number of bridges constructed	N/A	N/A	0	0	1	0	Not Achieved	Not implemented due to financial constraints	project to be implemented in 2013/2014 financial year
1.3	To ensure an efficient and effective waste management system throughout Umdoni	Refuse receptacle provided	Number of refuse receptacle provided	N/A	N/A	Nil	Nil	30	400	Achieved	N/A	N/A

UMDONI MUNICIPALITY ANNUAL PERFOMANCE REPORT 2012/2013 FINANCIAL YEAR

NATIONAL KPA 2: SOCIAL AND LOCAL ECONOMIC DEVELOPMENT

ID INDICATOR NO	STRATEGIC OBJECTIVES	MEASURABLE OBJECTIVE / OUTPUT	PERFORMANCE MEASURE(UNIT OF MEASURE)	2010/2011			2011/2012			2012/2013			REASONS FOR VARIANCE	PLANNED MEASURES FOR IMPROVEMENTS
				TARGET	ACTUAL	ACHIEVED/NOT ACHIEVED	TARGET	ACTUAL	ACHIEVED/NOT ACHIEVED	TARGET	ACTUAL	ACHIEVED/NOT ACHIEVED		
2.1	To create an enabling environment	SMME support	Number of SMME supported	N/A	N/A	N/A	4	4	Achieved	4	1	Not achieved	Target was no met due to the fact that the support was provided	Develop operating procedures for SMME support inorder to ensure that targets are met
2.1	To create an enabling environment	Develop and maintain LED database linked to SCM database	Develop and maintain LED Data Base by Date	N/A	N/A	N/A	N/A	N/A	N/A	Jul-12	26-Jun-13	Not Achieved	N/A	N/A
2.1	To create an enabling environment	Provide agricultural support	Number of request attended	N/A	N/A	N/A	N/A	N/A	N/A	2	4	Achieved	N/A	N/A
2.1	To create an enabling environment	Develop and adopt Poultry House Implementation Plan (by Date)	Date adopted	N/A	N/A	N/A	N/A	N/A	N/A	Oct-12	Draft Status quo completed	Not achieved	There was a lack of cooperation from the service provider that was appointed. Several attempts were made to contact the service provider but there was alck of cooperation.	The appointment was terminated with immediate effect.
2.1	To create an enabling environment	Provide support to Communal Gardens	No. of communal gardens supported	30	30	Achieved	30 communal gardens assisted	30 communal gardens assisted	Achieved	4	5	Achieved	N/A	N/A
2.1	To create an enabling environment	Distribute seeds to One home one garden initiatives	Number of households distributed with seeds	N/A	N/A	N/A	N/A	N/A	N/A	600	540	Not achieved	The beneficiary list for Ward 6 was not submitted by the Ward Councillor hence there was no distribution for ward 6	
2.1	To create an enabling environment	Provide support to Communal Gardens	No. of communal gardens assisted with tractor	N/A	N/A	N/A	N/A	N/A	N/A	20	42	Achieved	N/A	N/A
		Create jobs through	Number of jobs created				30	40						
2.2	To promote human rights and social upliftment of vulnerable groups	Hosting of the Mayor Tournament	Number of tournaments held	1	1	Achieved	1	1	Achieved	1	1	Achieved	N/A	N/A
2.2	To promote human rights and social upliftment of vulnerable groups	KWANALOGA Games	Number of Sporting Codes participated KWANALOGA Games	N/A	N/A	N/A	1	1 KWANALOGA Games participated in	Achieved	5	5	Achieved	N/A	N/A
2.2	To promote human rights and social upliftment of vulnerable groups	Coordinate Youth Development Programmes	Registration fees Bursaries awarded to matriculants	15	12	Not Achieved	15	14	Not Achieved	20	12	Not achieved	The committee agreed that 11 bursaries be awarded with R5000.00 each towards regostration and 1 full bursary awarded at R14000.00	Council resolved to award full bursary to 5 students
2.2	To promote human rights and social upliftment of vulnerable groups	Youth projects supported	Number of youth projects supported	N/A	N/A	N/A	N/A	N/A	N/A	2	2	Achieved	N/A	N/A
2.2	To promote human rights and social upliftment of vulnerable groups	Coordination of Gender Programmes	Women's month celebration programme held	1	1	Not Achieved	1	1 Women's Month celebration held	Achieved	1	1	Achieved	N/A	N/A
2.2	To promote human rights and social upliftment of vulnerable groups	Coordination of Disability Programmes	Number of disability initiatives / programmes	One project initiative with impact implemented	Wheel cahairs and Walk sticks were procured	Achieved	1	1 International Day for Disabled celebration done at Ugu District	Achieved	1	1	Achieved	N/A	N/A
2.2	To promote human rights and social upliftment of vulnerable groups	Rights of a Child Programme	Number of school children provided with uniforms	150	270	Achieved	N/A	N/A	N/A	150	150	Achieved	N/A	N/A

UMDONI MUNICIPALITY ANNUAL PERFOMANCE REPORT 2012/2013 FINANCIAL YEAR														
NATIONAL KPA 3: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT														
IDP INDICATOR NUMBE	IDP STRATEGIC OBJECTIVES	MEASURABLE OBJECTIVE/OUTPUT	PERFORMANCE MEASURE(UNIT OF MEASURE)	2010/2011			2011/2012			2012/2013			REASONS FOR VARIANCE	PLANNED MEASURES FOR IMPROVEMENTS
				TARGET	ACTUAL	ACHIEVED /NOT ACHIEVED	TARGET	ACTUAL	ACHIEVED/NOT ACHIEVED	ANNUAL TARGET	ACTUAL	ACHIEVED/NOT ACHIEVED		
3.1	To ensure effective and efficient administration	To provide effective secretariat support services	Number of meetings held	N/A	N/A	N/A	N/A	N/A	N/A	112	117	Achieved	N/A	N/A
3.1	To ensure effective and efficient administration	Budget Spend on Workplace Skills Plan	Percentage spent	N/A	N/A	N/A	100%	100%	Achieved	100%	100%	Achieved	N/A	N/A
3.2	To ensure an efficient and effective performance management system	Strategic Planning Sessions	Number of Strategic Planning Sessions	2	2	Achieved	2	2	Achieved	1	2	Achieved	N/A	N/A
3.2	To ensure an efficient and effective performance management system	Develop and adopt OPMS for 2013-14 by date	Date of Adoption	N/A	N/A	N/A	N/A	N/A	N/A	30-Jun-13	18 June 2013	Achieved	N/A	N/A
3.2	To ensure an efficient and effective performance management system	Develop and adopt SDBIP 2013-14	Date of adoption	N/A	N/A	N/A	28 days after the adoption of the budget	13 April 2011	Achieved	30-Jun-13	18 June 2013	Achieved	N/A	N/A
3.2	To ensure an efficient and effective performance management	Sign and advertise S57 Performance Agreements	Number of agreements signed	5	5	Achieved	6	6	Achieved	6	5	Not Achieved	Position for General Manger Community Services is vacant	Council to fastrack the appointment of The GM: Community Services
3.2	To ensure an efficient and effective		Date signed	N/A	N/A	N/A	N/A	N/A	N/A	July 2012	July 2012	Achieved	N/A	N/A
3.2	To ensure an efficient and effective performance management	SDBIP, OPMS and Performance Agreements Advert	Date of Adverts	N/A	N/A	N/A	30-Sep-11	0 Sept 2011	Achieved	2	July 2013	Achieved	N/A	N/A
3.2	To ensure an efficient and effective performance management system	Quarterly Performance Reports	4 Quarterly Performance Reports	N/A	N/A	N/A	4	4	Achieved	4	4	Achieved	N/A	N/A
3.2	To ensure an efficient and effective performance management system	Compile and submit Annual Performance Report 11/12 to Traesury,Cogta and Auditor General	Date compiled and submitted to Treasury,Cogta and Auditor General	N/A	N/A	N/A	August 2011	August 211	Achieved	31-Aug-12	30 Aug 2012	Achieved	N/A	N/A

UMDONI MUNICIPALITY ANNUAL PERFOMANCE REPORT 2012/2013 FINANCIAL YEAR														
NATIONAL KPA 4:GOOD GOVERNANCE AND PUBLIC PARTICIPATION														
IDP INDICATOR NUMBER	STRATEGIC OBJECTIVES	MEASURABLE OBJECTIVES/OUTPUT	PERFORMANCE MEASURE(UNIT OF MEASURE)	2010/2011			2011/2012			2012/2013			REASONS FOR VARIANCE	PLANNED MEASURES FOR IMPROVEMENTS
				TARGET	ACTUAL	ACHIEVED/NOT ACHIEVED	TARGET	ACTUAL	ACHIEVED/NOT ACHIEVED	TARGET	ACTUAL	ACHIEVED/NOT ACHHIEVED		
4.1	To ensure efficient and effective public participation process	Community Mobilization	Number of Mayoral Izimbizo held	4	6	Not Achieved	4	4	Achieved	4	4	Achieved	N/A	N/A
4.1	To ensure efficient and effective public participation process	Community Outreach Programmes	Number of Community Outreach Programmes held	N/A	N/A	N/A	N/A	N/A	N/A	4	4	Achieved	N/A	N/A
4.1	To ensure efficient and effective public participation process	Ward Committee Systems	40 Ward Committee meetings held	40	26	Not Achieved	N/A	N/A	N/A	40 Meetings	31	Not Achieved	The HOD's is not responsible for convening these meetings	Councilors as the Chairpersons to ensure that these meetings are held
4.1	To ensure efficient and effective public participation process	Tabling of Ward committee meetings report to council	Quarterly reports submitted to Council	N/A	N/A	N/A	N/A	N/A	N/A	4	3	Not Achieved	All 4 Reports tabled before Council. The last report will be tabled at the August 2013 Council Meeting	N/A
4.1	To ensure efficient and effective public participation process	Ward committee systems	Number of Capacity Building Workshops	2	2	Achieved	N/A	N/A	N/A	4	2	Not Achieved	A directive was given by Costa to have Capacity Workshops at least 1 in 6 months	N/A
4.1	To ensure efficient and effective public participation process	Newsletter	Number of Newsletters produced	4	0	Not Achieved	N/A	N/A	N/A	4	0	Not Achieved	Budgetary provision was insufficient for the production of a Newsletter	Adequate provision will be made in the next Financial Year
4.1	To ensure efficient and effective public participation process	Procure office furniture for Ward Councilors	Date of furniture acquired	N/A	N/A	N/A	N/A	N/A	N/A	N/A	all ward councillors got 8 sets of 1 desk, 1 high back chair, 2 visitors chairs, attached is order, payment voucher and requisition	Achieved	N/A	N/A
4.1	To ensure efficient and effective public participation process	Procurement of Blade Server	Procured & Installed Blade Server	N/A	N/A	N/A	N/A	N/A	N/A	Blade Server which is installed	blade server procured however not installed	Achieved	N/A	N/A
4.1	To ensure efficient and effective public participation process	Construction of Guard House and Ablution Facilities	Building completed by when	N/A	N/A	N/A	N/A	N/A	N/A	An approved building structure	Building completed	Achieved	N/A	N/A
4.1	To ensure efficient and effective public participation	Renovation of Offsite Registry Office	Upgraded Offices	N/A	N/A	N/A	N/A	N/A	N/A	Renovated offices	Offices Renovated	Achieved	N/A	N/A
4.3	To embue strong ant-corruption	Implement Anti-Fraud Corruption	% of implementation by date	30%	30%	Achieved	40%	40%	Achieved	50%	50%	Achieved	N/A	N/A

UMDONI MUNICIPALITY ANNUAL PERFOMANCE REPORT 2012/2013 FINANCIAL YEAR												
NATIONAL KPA 5 : MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT												
IDP INDICATOR NUMBER	IDP STRATEGIC OBJECTIVES	MEASURABLE OBJECTIVES /OUTPUT	PERFORMANCE MEASURE(UNIT OF MEASURE)	2010/2011		PREVIOUS YEAR 2011/2012		ANNUAL PERFORMANCE REPORT 2012/2013		ACHIEVED/NOT ACHIEVED	REASONS FOR VARIANCE	PLANNED MEASURES FOR IMPROVEMENTS
				TARGET	ACTUAL	TARGET	ACTUAL	ANNUAL TARGET	ACTUAL			
5.1	To ensure financial sustainability	Implement and review a revenue enhancement strategy	Review of revenue enhancement Strategy(measure by date of adoption	N/A	N/A	Nil	Nil	May-13	draft Tabled in June Revenue enhancement strategy however not	Not Achieved	Council has requested additional time to review the policy.	Adoption planned for the September F an A meeting in 2013/14 FY
5.1	To ensure financial sustainability	Implement and review a revenue enhancement strategy	Implement a debt collection and credit control policy	Reviewed, adopted and implemented policy	Policy reviewed and adopted	Nil	Nil	% Implementation of a debt collection and credit control policy	100%,	Achieved	N/A	N/A
5.1	To ensure financial sustainability	Implement and review a revenue enhancement strategy	Review of a debt collection and credit control policy (measure by date	Reviewed, adopted and implemented policy	Policy reviewed and adopted	Nil	Nil	Sep-12	Sep-12	Achieved	N/A	N/A
5.1	To ensure financial sustainability	Implement and review a revenue enhancement strategy	% Implementation of rates policy	N/A	N/A	Nil	Nil	100%	100%,	Achieved	N/A	N/A
5.1	To ensure financial sustainability	Implement and review a revenue enhancement strategy	Review of rates policy	N/A	N/A	Nil	Nil	May-13	26 June 2013,	Achieved	The policy was reviewed by the BSC with the adoption of the budget , however a formal council resolution was obtained in June	N/A
5.1	To ensure financial sustainability	To ensure Compliance with legislation	%age Compliance with S 71 MFMA - Budget returns(how many reports per quarter) What about S72 reports	N/A	N/A	Nil	Nil	100% complaince	100%	Achieved	N/A	N/A
5.1	To ensure financial sustainability	To ensure Compliance with legislation	%age Completion of Adjustment Budget	N/A	N/A	Nil	Nil	100%	100%	Achieved	N/A	N/A
5.1	To ensure financial sustainability	To ensure Compliance with legislation	Date of Approval of final budget	N/A	N/A	Nil	Nil	31-May-13	21-May-13	Achieved	N/A	N/A
5.1	To ensure financial sustainability	To ensure Compliance with legislation	turnaround time for Payment to creditors	N/A	N/A	Nil	Nil	30 Days	31 days	Not Achieved	Delays experienced with the finalization of payments were SCM processes were not complied with.	Development of checklists to assist the SCM process and understanding thereof.
5.1	To ensure financial sustainability	To ensure Compliance with legislation	%age of Development of SCM Plan	N/A	N/A	Nil	Nil	100%	100%	Achieved	N/A	N/A

UMDONI MUNICIPALITY ANNUAL PERFOMANCE REPORT 2012 /2013 FINANCIAL YEAR												
NATIONAL KPA 6 : SPATIAL RATIONALE AND ENVIRONMENT												
IDP INDICATOR NUMBER	IDP STRATEGIC OBJECTIVES	MEASURABLE OBJECTIVES /OUTPUT	PERFORMANCE MEASURE(UNIT OF MEASURE)	2010/2011		PREVIOUS YEAR 2011/2012		ANNUAL PERFORMANCE REPORT 2012/2013		ACHIEVED/NOT ACHIEVED	REASONS FOR VARIANCE	PLANNED MEASURES FOR IMPROVEMENTS
				TARGET	ACTUAL	TARGET	ACTUAL	ANNUAL TARGET	ACTUAL			
6.1	To facilitate an integrated approach towards planning for urban and rural communities.	Review IDP 2012/13	Adopted IDP by (Date of adoption)	N/A	N/A	May-12	May-12	Jun-13	26-Jun-13	Achieved	N/A	N/A
6.1	To facilitate an integrated approach towards planning for urban and rural communities.	Hold IDP Representative Forum	NO. of Rep Forums held	N/A	N/A	4	3	4	3	Not Achieved	The meeting was cancelled due to non response from sector departments	Schedule of IDP Rep forum to be circulated in the beginning of each calendar year to all steholders and IDPRF members
6.1	To facilitate an integrated approach towards planning for urban and rural communities.	Develop IDP 2013/14 Process Plan	Date of adoption	N/A	N/A	Sep-11	Sep-11	Sep-12	Sep-12	Achieved	N/A	N/A
6.1	To facilitate an integrated approach towards planning for urban and rural communities.	Advertise commencement of IDP and its adoption	Date of Advertisement of commencement	N/A	N/A	30-Sep-11	06 May 201	Jul-12	Aug-13	Not Achieved	the Draft IDP Process plan was tabled to Council on the 27nJuly 2012 hence the advert was done in August 2013	The advertisement date to be aligned with the IDP Process Plan Action Plan
6.1	To facilitate an integrated approach towards planning for urban and rural communities.		Date of Advertisement of adoption	N/A	N/A	Jun-12	Jun-12	Jun-13	Jul-13	Not Achieved	The IDP adoption date was moved to 26 June 2013 hence the adoption advert was done in July 2013	The advertisement date to be aligned with the IDP Process plan Action Plan
6.1	To facilitate an integrated approach towards planning for urban and rural communities.	Review Spatial Development Framework	Adopted SDF by (Date of adoption)	N/A	N/A	Nil	Nil	Jun-13	Nil	Not Achieved	1.The project champion resigned and there was a delay in the submission of the status quo report by service provider, hence the SDF was not finalized.	Draft status quo report has been developed and presented to the PSC meeting. It is envisaged that the project will be completed in the 2013 /2014 financial year
6.1	To facilitate an integrated approach towards planning for urban and rural communities.	Facilitate the preparation of the Prepare wall to wall scheme	Adopted Land Audit report by date	N/A	N/A	Nil	Nil	30-Jun	Nil	Not Achieved	Due to high staff turnover within the department there was a delay in the development of the Terms of reference. The responsible official resigned However COGTA provided assistant	Procurement processes has been finalized order to acquire the suitable service provider
6.1	To facilitate an integrated approach towards planning for urban and rural communities.	Amend PDA delegations	Date amended and advertise in the gazette	N/A	N/A	Nil	Nil	Sep-12	Nil	Not Achieved	The computer with all the information crashed. COGTA assisted the Municipality by obtain a copy from Government printing Works	Draft amended delegations have been prepared to be presented to the Planning and development Portfolio Committee

CHAPTER FOUR

ORGANISATIONAL DEVELOPMENT PERFORMANCE

CHAPTER FOUR

ORGANISATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION

The following table is a representation of the total number of permanent employees employed at Umdoni Municipality against the approved posts on the municipal Organisational Structure for the 2012/2013 financial year.

EMPLOYEE TOTALS, TURNOVER AND VACANCIES- PERMANENT APPOINTMENTS ONLY					
DESCRIPTION	2012 / 2013		2011 / 2012		
	Employees No	Approved Posts No	Employees No	Variances No	Variances %
Water	-	-	-	-	-
Waste water: Sanitation	-	-	-	-	-
Electricity	-	-	-	-	-
Housing	6	6	6	-	-
Waste water: Storm water drainage	-	-	-	-	-
Roads	46	49	46	3	6%
Mechanical Workshop	4	4	4	-	-
Planning & Development	9	13	8	5	38%
Local Economic Development	2	2	2	-	-
Planning (Strategy & Regulatory)	-	-	-	-	-
Community & Social Services	221	222	202	20	9%
Environmental Protection	2	2	1	1	50%
Health	-	-	-	-	-
Security & Safety	15	15	14	1	7%
Sport & Recreation	-	-	-	-	-
Corporate & other	46	48	44	4	8%
Totals	350	361	327	34	9%

CHAPTER FOUR

ORGANISATIONAL DEVELOPMENT PERFORMANCE

VACANCY RATE: 2012 / 2013			
DESIGNATION	Total Approved Posts No	Variances (total time vacancies exist using full time equivalents) No	Vacancies as a proportion of total posts in each category) %
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance posts	4	1	25%
Other S57 Managers (Finance posts)			
Police Officers	2		
Fire Fighters	4		
Middle Management posts (excluding finance posts)	14	3	21%
Middle Management posts (finance posts)	4	0	0
Highly skilled supervision (excluding finance posts)	12	1	8%
Highly skilled supervision (finance posts)	5	1	20%

TURN- OVER RATE			
Details	Total Appointments As Of The Beginning Of The Financial Year	Terminations during the financial year	Turnover Rate
2012 / 2013	23	36	1.57%
2011 / 2012	35	38	1.09%

COMMENT ON VACANCIES AND TURNOVER:

Senior to Middle Management were advertised and the recruitment and selection processes was completed for these posts respectively and appointments for Senior to Middle Management posts will be made in the 2013/2014 financial year.

The filling of others posts below the above levels however has been hampered as a result of non compliance by respective departments in completing the Vacancy Authorization forms.

The attraction and retention of staff within Umdoni Municipality poses a challenge mainly as a result of the salary structures.

NUMBER & PERIOD OF SUSPENSIONS				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken or Status of Case and Reasons Why Not Finished	Date Finalized
1. - Heavy Plant Operator - General Worker - Admin Assistant - Technical Services	Alleged Theft	19/10/2012	Matter referred to Disciplinary Tribunal. Based on evidence lead the Heavy Plant Operator and General Worker – Parks & Gardens were found not guilty, however, the Admin Assistant – Technical Services was found guilty and dismissed from the municipality.	25/02/2013
3. Traffic Officials x3	Alleged Bribery & Corruption	27/05/2013	Matter referred to Disciplinary Tribunal.	To be finalized in the 13/14 financial year

DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT:

NIL

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

All suspensions listed above have been for a period not exceeding 3 months in keeping with Disciplinary Code & Collective Agreement.

CHAPTER FOUR

ORGANISATIONAL DEVELOPMENT PERFORMANCE

CAPACITATING THE MUNICIPAL WORKFORCE

Details	Type Of Training Intervention	Category of employees trained	Number trained
2012 / 2013	Skills Programme	Fire Fighters	1
	Skills Programme	Health & Safety Reps	8
	Skills Programme	Health & Safety Reps	8
	Skills Programme	Councillors	10
	Induction Workshop for Councillors	Councillors	19
	Learnership	Clerical & Admin	2
	Skills Programme	Councillors & Middle Managers	4
	Skills Programme	Clerical & Admin	
	Skills Programme	Safety & Security	4
	Skills Programme	Ward Committee Members	60
2011 / 2012	Skills Programme	Community & Social Services	10
	Skills Programme	Community & Social Services	10
	Skills Programme	Councillors	3
	Skills Programme	Councillors	3
	ABET	Community & Social Services	14
	Skills Programme	Community & Personal Service Workers	2

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The training and development of staff within the municipality is of the utmost importance as developed staff will ensure better, efficient and effective service delivery.

According to the Annual Work Place Skills Plan for the 12/13 financial year training objectives were achieved. Challenges to undertake planned interventions posed a challenge in some instances owing to the limited resources and the lack of commitment of employees to attend trainings.

Minimum Competency Levels for Senior Management

The Municipal Finance Management Act, Sections 83, 107 & 119 prescribe that the Accounting Officer, Senior Managers, the Chief Financial Officer and other financial officials of a municipality must meet the financial management competency levels prescribed by regulation. National Treasury issued regulations on Minimum Competency Levels on the 15 June 2007 the regulation prescribe the minimum competency levels for the following categories of employees:

- Accounting Officers of Municipalities and Municipal entities;
- Chief Financial Officers of Municipalities and Municipal entities;
- Senior Managers of Municipalities and Municipal entities;
- Other Financial Officials of Municipalities and municipal entities; and
- Supply Chain Management Officials of Municipalities and Municipal entities.

The regulations further require each municipality to report in its Annual Report a consolidated information in respect of progress made in the attainment of minimum competency levels by the above mentioned category of employees. Progress made as at 30 June 2013 is provided in the table below:

Number of Officials Admitted Into the Programme	Number of Modules Completed As at 30 June 2013	Progress Report as at 30 June 2013
15	All modules completed effective December 2012	Port Folios of Evidence are still to be submitted by officials

SKILLS DEVELOPMENT EXPENDITURE:

MUNICIPAL TRAINING BUDGET	
AMOUNT BUDGETED	ACTUAL SPENT
R140 000	R140 000

CHAPTER FIVE

FINANCIAL PERFORMANCE

CHAPTER FIVE

FINANCIAL PERFORMANCE

STATEMENTS OF FINANCIAL PERFORMANCE **For the year ended 30 June 2013**

		Actual 2013	Actual 2012
	Notes	R	R
REVENUE			
Revenue from Non Exchange Transactions			
Property rates	22	62,049,510	52,471,539
Property rates - penalties and collection charges		1,611,070	1,953,711
Fines		1,024,191	1,159,345
Licences and permits		2,689,451	5,677,587
Government grants and subsidies	24	57,114,081	87,211,837
Decrease in provision for refuse site rehabilitation	6	117,530	-
Revenue from exchange transactions			
Service charges	23	7,267,425	6,470,180
Rental of facilities and equipment		4,514,542	4,581,771
Interest earned		4,763,231	7,709,598
Other income	25	8,912,459	7,720,207
TOTAL INCOME		**150,063,490**	**174,955,775**

EXPENDITURE			
	26	55,070,591	53,457,195
Remuneration of Councillors	27	5,359,310	5,070,394
Depreciation	13/14/45	21,385,792	14,584,397
Repairs and maintenance		8,468,661	6,550,532
Interest paid	28	13,523	91,786
Contracted services	31	15,421,955	13,453,456
General expenses	32	35,117,597	30,167,966
Contributions to Provisions	29	5,942,183	9,338,265
Contribution to provision for refuse site rehabilitation	6	-	645,438
TOTAL EXPENDITURE		146,779,612	133,359,429
SURPLUS FOR THE YEAR		3,283,878	41,596,346

CHAPTER FIVE
FINANCIAL PERFORMANCE

GRANTS

GRANTS

GRANT NAME	FUNDING	SPHERE	OPENING BALANCE 01/07/2012	RECEIPTS FOR THE YEAR
SCOTTBURGH LIBRARY INTERNET	LIBRARY SERVICES	Provincial	-14,067	-100,800
SETA	LOCAL GOV SETA	Provincial	-142,332	-239,488
FINANCE MANAGEMENT GRANT	NATIONAL TREASURY	National	-365,235	-1,500,000
ENVIROMENTAL MANAGEMENT PRACTICE	KZN AGRIC & ENV AFFAIRS	Provincial	-100,000	-
MSIG	NATIONAL TREASURY	National	-58,818	-800,000
MALANGENI LIBRARY	LIBRARY SERVICES	Provincial	-	-96,000
UMZINTO LIBRARY	LIBRARY SERVICES	Provincial	-35,119	-90,000
LIBRARY SERVICES	LIBRARY SERVICES	Provincial	-	-1,960,000
FRESH PRODUCE MARKET	COGTA	Provincial	-222,748	-
PARK RYNIE INDUSTRIAL PARK	COGTA	Provincial	-1,663,433	-
THUSONG CENTRE	COGTA	Provincial	-472,591	-
			-3,074,343	-4,786,288

ASSET MANAGEMENT

An Asset Management Committee was formed during the year under review.

Meetings were held to discuss the state and shortcomings of asset management within the municipality and it was resolved that there should be more frequent physical asset verifications and that a plan be put into place to maintain all council owned property as shown on the GRAP compliant asset register.

A summary of the main catagories of assets may be located in the AFS.

FINANCIAL PERFORMANCE RATIOS - 2012/2013

1 Liquidity Ratio

Current Assets
Current Liabilities

127,856,742
54,165,776

236.05%

The ideal ratio is 2:1 and the municipality is in a position to be able to pay its short term debt. Given that we are a service delivery organisation, excess cash is utilised for the alleviation of poverty and the improvement in the lives of the constituents of Umdoni.

2 Solvency Ratio

Net Profit + Depreciation
Total Liabilities

3 283 878 + 21 385 792
84,808,632

24,669,670
84,808,632

29.16%

The solvency ratio provides an assessment of the likelihood of the municipality to continue congregating its debt obligations. This ratio depicts that the municipality is able to meet its long term debts.

The ideal ratio is 20% and therefore the ratio above represents a financially sound organisation.

3 Financial Leverage Ratio

This depicts that Umdoni is not reliant on debt funding and is therefore not subject to the associated credit risk.

4 Percentage of employee costs against total expense

Employee costs - Contribution to post retirement medical aid and long service
Total expenditure

60 429 901 - 2 609 607
146,716,063

57,820,294
146,779,612

39.41%

This value is greater than the norm of 30% as encouraged by Treasury.

In acknowledging this , we have begun strict management and control of staff costs and expect a reduction in the upcoming years of the above percentage. This has been evident for this year as the percentage in the prior year was 40.12%

5 Spending against capital budget

Expenditure
Capital Budget

29,895,689
38,454,120

77.74%

This was mainly due to incomplete capital projects.

Expenditure improvement measures must be implemented by all departments to ensure service delivery is not delayed.

6 Owned revenue compared to total revenue

Owned revenue
Total revenue

92,949,410
150,063,491

61.94%

This ensures that the municipality generates its own revenue of 62% of the total revenue, the balance of which is generated by government grants and subsidies.

CHAPTER FIVE
FINANCIAL PERFORMANCE

SPENDING AGAINST CAPITAL BUDGET

UMDONI MUNICIPALITY
Jewel of the South Coast
CAPITAL EXPENDITURE FOR THE PERIOD ENDED 30 JUNE 2013

VOTE NO.	VOTE DESCRIPTION	FUNDING SOURCE	BUDGET	TOTAL EXPENDITURE	% EXP VS BUD
DEPARTMENT: COUNCIL GENERAL					
TOTAL : COUNCIL GENERAL		-	17,218	16,743	97%
DEPARTMENT: CORPORATE SERVICES					
TOTAL: CORPORATE SERVICES			488,893	488,525	100%
DEPARTMENT: TECHNICAL SERVICES					
TOTAL : TECHNICAL SERVICES			35,862,246	27,309,633	76%
DEPARTMENT: FINANCIAL SERVICES					
TOTAL : FINANCIAL SERVICES			52,063	50,487	97%
DEPARTMENT: COMMUNITY SERVICES					
TOTAL : COMMUNITY SERVICES			1,814,242	1,812,087	100%
DEPARTMENT : STRATEGIC PLANNING AND DEVELOPMENT					
TOTAL :STRATEGIC DEVELOPMENT AND PLANNING			219,458	218,213	99%
TOTAL: CAPITAL BUDGET			38,454,120	29,895,688	78%
FUNDING SOURCE:					
National Grant - MIG			15,148,245	13,647,093	90%
National Grant -Disaster			14,877,184	8,102,219	54%
Provincial Grant			1,663,433	1,168,002	70%
Ex Revenue			4,995,258	5,233,180	105%
Accum Funds			1,770,000	1,656,383	94%
TOTAL: FUNDING SOURCE			38,454,120	29,895,688	78%

CAPITAL SPENDING ON 5 LARGEST PROJECTS

UMDONI MUNICIPALITY
Jewel of the South Coast
CAPITAL EXPENDITURE FOR THE PERIOD ENDED 30 JUNE 2013

VOTE NO.	VOTE DESCRIPTION	FUNDING SOURCE	BUDGET	TOTAL EXPENDITURE	% EXP VS BUD
DEPARTMENT: COUNCIL GENERAL					
TOTAL : COUNCIL GENERAL		-	17,218	16,743	97%
DEPARTMENT: CORPORATE SERVICES					
TOTAL: CORPORATE SERVICES			488,893	488,525	100%
DEPARTMENT: TECHNICAL SERVICES					
TOTAL : TECHNICAL SERVICES			35,862,246	27,309,633	76%
DEPARTMENT: FINANCIAL SERVICES					
TOTAL : FINANCIAL SERVICES			52,063	50,487	97%
DEPARTMENT: COMMUNITY SERVICES					

BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Basic Service Delivery

ELECTRICITY

People with access	76%
Electricity backlog	24%

SANITATION

Backlog	15%

WATER

Piped water	41%
Piped water on site	12%
Public Tap	44%

HOUSING

Households benefited	9935

CHAPTER FIVE
FINANCIAL PERFORMANCE

CASH FLOW MANAGEMENT AND INVESTMENTS

CASH FLOW MANAGEMENT

The municipality has maintained a positive cash flow for the year under review, the details of which are shown in the Cash Flow Statement. The budget approved for the 2013/2014 - 2015/2016 financial years retained the focus on cash availability and a gradual increase in cash balances is expected in the medium term.

Any surplus funds are invested to ensure maximum interest is earned.

Standard Bank of SA Limited, Scottburgh Branch
Current account Account No. 05 279 168 8

	2013	2012
Bank statement balance at end of year	2,128,812	3,738,984

BORROWING AND INVESTMENTS

uMsekeli Financial Services		889,694
Development Bank of SA Ltd	7778	22,988

No new borrowings were incurred during the year under review.

Investments for the year under review are as follows:

	2013	**2012**
Standard Bank of SA Ltd	23,469,349	47,039,055
Absa	12,957,790	12,376,087
Nedbank	34,004,101	32,391,843
First National Bank	14,490,525	13,901,664
Investec Bank	-	1,187
	84,921,765	**105,709,836**
Total interest earned on investments	4,763,231	7,709,598

The decrease for the year on year comparison of investments is due to expenditure of capital grants. This has resultantly effected the interest earned.

CHAPTER FIVE
FINANCIAL PERFORMANCE

OTHER FINANCIAL MATTERS

SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The training and development of staff within the municipality is of the utmost importance as developed staff will ensure better, efficient and effective service delivery.

According to the Annual Work Place Skills Plan for the 12/13 financial year training objectives were achieved. Challenges to undertake planned interventions posed a challenge in some instances owing to the limited resources and the lack of commitment of employees to attend trainings.

Minimum Competency Levels for Senior Management

The Municipal Finance Management Act, Sections 83, 107 & 119 prescribe that the Accounting Officer, Senior Managers, the Chief Financial Officer and other financial officials of a municipality must meet the financial management competency levels prescribed by regulation. National Treasury issued regulations on Minimum Competency Levels on the 15 June 2007 the regulation prescribe the minimum competency levels for the following categories of employees:

• Accounting Officers of Municipalities and Municipal entities;

• Chief Financial Officers of Municipalities and Municipal entities;

• Senior Managers of Municipalities and Municipal entities;

• Other Financial Officials of Municipalities and municipal entities; and

• Supply Chain Management Officials of Municipalities and Municipal entities.

The regulations further require each municipality to report in its Annual Report a consolidated information in respect of progress made in the attainment of minimum competency levels by the above mentioned category of employees. Progress made as at 30 June 2013 is provided in the table below:

Number of Officials Admitted Into the Programme	Number of Modules Completed As at 30 June 2013	Progress Report as at 30 June 2013
15	All modules completed effective December 2012	Port Folios of Evidence are still to be submitted by officials

GRAP COMPLIANCE

Financial statements prepared in accordance with GRAP

The financial statements and records have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005
GRAP 20 Related Party Disclosures (Revised)
GRAP 25 Employee Benefits - issued December 2009
GRAP 105 Transfers between entities under common control - issued November 2010
GRAP 106 Transfers between entities not under common control - issued November 2010
GRAP 107 Mergers - issued November 2010

The Minister of Finance annouced that the application of GRAP 21, GRAP 23, GRAP 24, GRAP 26, GRAP 103 and GRAP 104 will be effective for period starting after 1 April 2012. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

We are currently adopting all relevant standards of GRAP and are implementing such “in house”.

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2012/2013

AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -0

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON UMDONI MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Umdoni Municipality set out on pages ... to ..., which comprise, the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Umdoni Municipality as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

1

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

AUDITOR-GENERAL OPINION

2012/2013

AUDITOR GENERAL REPORT YEAR 0

Irregular Expenditure

8. As disclosed in note 37.3 to the financial statements, irregular expenditure amounting to R28,72 million was incurred mainly as a result of contracts awarded to suppliers, which was in contravention of the Supply Chain Management (SCM) Regulations.

Unauthorised expenditure

9. As disclosed in note 37.1 to the financial statements, unauthorised expenditure of R9,39 million was incurred as a result of expenditure exceeding the approved budget for operating expenditure.

Significant uncertainty

10. With reference to note 34 to the financial statements, the municipality is currently involved in a legal dispute with a service provider for alleged outstanding payments. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

11. With reference to note 34 to the financial statements, employees of the municipality have not been paid according to the wage scales and rates in the South African Local Government Association (SALGA) Categorisation and job evaluation wage curves collective agreement. The municipality has not finalised job evaluations pending the outcome of the lawsuit by the union disputing the agreement. The amount of the obligation cannot be determined with sufficient reliability and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

12. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of errors discovered during 2013 in the financial statements of the Umdoni Municipality at, and for the year ended, 30 June 2012.

Additional matter

13. I draw attention to the matter below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

14. The supplementary information set out on pages XX to XX do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.

17. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2012/2013

AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -0

25. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to service delivery and spatial and rationale development.

 This was due to limitations placed on the scope of my work due to the absence of information systems and the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the above mentioned programmes.

Compliance with laws and regulations

26. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Strategic planning and performance management

27. The performance management system of the municipality was not in line with the priorities, objectives, indicators and targets contained in its integrated development plan, as required by section 38(a) of the MSA.

28. The municipality did not set key performance indicators, including input indicators, output indicators and outcome indicators, in respect of each of the development priorities and objectives set out in the IDP, as required by section 41(1)(a) of the MSA and the Municipal planning and performance management regulation 1 and 9(1)(a).

Annual financial statements

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of irregular expenditure, contingent liabilities, investment property, provision for debt impairment and capital commitments identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

30. Awards were made to service providers who are persons in the service of other state institutions or whose directors/ principal shareholders are persons in service of other state institutions, in contravention of MFMA 112 (j) of the MFMA and SCM regulation 44. A similar award was identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).
31. The allocation and calculation of preference points was not correctly done in accordance with the requirements of the Preferential Procurement Policy Framework Act (PPPFA) and Preferential Procurement Regulations and the non-compliance resulted in the bid being awarded to the incorrect supplier.
32. Constructions projects were not registered in the register of construction contracts with the Construction Industry Development Board (CIDB) in contravention of section 22(3) of the Construction Industry Development Board Act and CIDB regulation 18(1A)(1).
33. Goods and services with a transaction value of more than R200 000 or long-term contracts were not procured through a competitive bidding process in contravention of SCM Regulation 12(1) (b) and (c).

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

AUDITOR-GENERAL OPINION

YEAR 2012/2013

AUDITOR GENERAL REPORT YEAR 0

34. Goods and services with a transaction value of more than R200 000 were procured in contravention of section 29(2) of the SCM Regulations; whereby the bid adjudication committee must consist of at least 4 senior managers of the municipality, including at least one senior SCM practioner who is an official of the municipality.

Expenditure management

35. Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1)(d) of the MFMA.

Internal control

36. I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the performance report and the findings on compliance with laws and regulations included in this report.

Leadership

37. The accounting officer did not adequately exercise oversight responsibility over the compliance with laws and regulations relating to the review of annual financial statements procurement and contract management and reported performance information

Financial and performance management

38. Systems and controls were not designed in a manner to prevent, detect and address risks that impact on financial, performance and compliance reporting. In this regard, the accounting officer did not ensure that regular, accurate and complete financial and performance reports were prepared and supported by reliable information. This resulted in material corrections in the financial statements.

39. Inadequate monthly monitoring and reconciling of transactions, balances and reports were noted in respect of SCM and reporting on predetermined objectives.

Auditor-General

Pietermaritzburg

30 November 2013

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

PLAN OF CORRECTIVE MEASURES

FINAL AUDIT REPORT 2012/13

UMDONI MUNICIPALITY

TOGETHER BUILDING UNITY – SIYAKHISANA – TESAME BOU ONS EENHEID

PLAN OF CORRECTIVE MEASURES: FINAL AUDIT REPORT: FY 2012-13

Plan of Corrective Measures by the respective departments to address findings raised by the AG in the Audit Report: FY 2012-13

Category	Ref.	Findings	Action Plan	Person Resp.	Due Date
REGULARITY AUDIT					
Irregular Expenditure	8	As disclosed in note 37.3 to the financial statements, irregular expenditure amounting to R28, 72 million was incurred mainly as a result of contracts awarded to suppliers, which were in contravention of the Supply Chain Management (SCM) Regulations.	This was predominantly due to non-compliance with Section 29, i.e. not having an SCM Official on the Bid Adjudication Committee. The constitution of the BAC was accepted in the previous year, however in the Audit Year this was classified as irregular. The BAC has been reconstituted as at 1 July 2013, thereby removing these findings for the forthcoming year.	GMFS	Completed
Unauthorised Expenditure	9	As disclosed in note 37.3 to the financial statements, unauthorised expenditure of R9, 39 million was incurred as a result of expenditure exceeding the approved budget for operating expenditure.	This was due to the impairment of assets and a greater than expected depreciation charge. Both represent non-cash items and were identified by management prior to the submission of the AFS to the AG. An assessment of the adequacy of the above items shall be conducted at adjustment budget stage to mitigate the risk of such being recognised above budget.	GMFS	Completed
Significant uncertainty	10	With reference to note 34 to the financial statement, the municipality is currently involved in a legal dispute with the service provider for alleged outstanding payments. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.	This matter is currently being handled by Council's Attorney. No indication was provided on the legal confirmation that the loss is either probable or possible; however disclosure has been effected in accordance with the AG request. With the appointment of a Legal Manager within Umdoni, such matters which may be perceived as potentially material shall be identified earlier.	GMFS	30 June 2014

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

PLAN OF CORRECTIVE MEASURES

FINAL AUDIT REPORT 2012/13

REGULARITY AUDIT					
Category	**Ref.**	**Findings**	**Action Plan**	**Person Resp.**	**Due Date**
	11	With reference to note 34 to the financial statements, employees of the municipality have not been paid according to the wage scales and rates in the South Africa Local Government Association (SALGA) Categorisation and job evaluation wage curves collective agreement. The municipality has not finalized job evaluations pending the outcome of the lawsuit by the union disputing the agreement. The amount of the obligation cannot be determined with sufficient reliability and no provision for any liability that may result has been made in the financial statements.	**An adjustment was effected to ensure consistency within the municipalities in the district. However, once the determination is issued Umdoni will pay on the scales prevailing at the time, taking into account any necessary advice from SALGA.** **No financial outflow has occurred in respect of the matter to date, nor is the Municipality liable for any payments until the finalisation of the job evaluation.** **All information has been submitted for the process, however Human Resources have not been provided with an expected date of completion.**	**GMFS**	**Upon finalisation of the Job Evaluation**
Restatement of corresponding figures	12	As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of errors discovered during 2013 in the financial statements of Umdoni Municipality at, and for the year ended, 30 June 2012.	**These were identified during the AFS compilation process by management and therefore corrected.**	**GMFS**	**Once - Off**
Annual financial statements	29	The annual financial statements that were submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of irregular expenditure, contingent liabilities, investment property, provision for debt impairment and capital commitments identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit report	**Quarterly financial statements are currently being prepared thereby institutionalizing the processes.** **This will allow the year end AFS to prepared earlier and addition time be allocated to review and quality control.**	**GMFS**	**Currently implemented.**

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

PLAN OF CORRECTIVE MEASURES

FINAL AUDIT REPORT 2012/13

REGULARITY AUDIT					
Category	**Ref.**	**Findings**	**Action Plan**	**Person Resp.**	**Due Date**
Procurement and contract management	30	Awards were made to service providers who are persons in the service of other states institutions or whose directors/principal shareholders are persons in the service of the other state institutions, in contravention of MFMA 112(j) of the MFMA and SCM regulation 44. A similar award was identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1)	**The Municipality is reliant on the disclosures of interest provided by the Supplier. We have attempted all means of verification to curb this matter and are currently attempting to identify external agencies to assist with this matter.** **The matter referred to by the AG was for the period prior to the audit finding being issued in the prior year.**	**GMFS**	**Ongoing**
	31	The allocation and calculation of preference points was not correctly done in accordance with the requirements of the Preferential Procurement Policy Framework Act (PPPFA) and Preferential Procurement Regulations and non-compliance resulted in the bid being awarded to the incorrect suppliers	**Interim Audit Finding - The bid was awarded to the correct supplier as the other supplier did not meet the specifications.** **The control weakness has, however, been addressed to prevent a recurrence and potential liability to Council.**	**GMFS**	**Completed**
	32	Construction projects were not registered in the register of construction contracts with the Construction Industry Development Board (CIDB) in contravention of section 22 (3) of the Construction Industry Development Board Act and CIDB regulation 18(1A)(1)	**Notwithstanding the need to formalise the completion and the business process surrounding this matter this shall, in the interim, be completed by SCM for all projects.**	**GMFS**	**Immediate**
	33	Goods and services with the transaction value of more than R200 000 or long-term contracts were not procured through a competitive bidding process in contravention of SCM Regulation 12(1) (b) and (c).	**These relate to the use of engineering consultants wherein a process which was acceptable in the prior years was consistently applied in the current year. Given that the process is now deemed not to be suitable a full tender process shall be required to be utilised for the appointment of engineering consultants.**	**GMFS**	**Immediate**

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

PLAN OF CORRECTIVE MEASURES

FINAL AUDIT REPORT 2012/13

REGULARITY AUDIT					
Category	**Ref.**	**Findings**	**Action Plan**	**Person Resp.**	**Due Date**
	34	Goods and services with the transaction value of R200 000 were procured in contravention of section 29(2) of the SCM Regulations; whereby the bid adjudication committee must consists of at least 4 senior managers of the municipality, including at least one senior SCM practitioner who is an official of the municipality.	**Please see 8 above (Irregular Expenditure)**	**GMFS**	
Expenditure Management	35	Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1) (d) of the MFMA	**Please refer to procurement and contract management above.** **In addition, the Municipality has implemented checklists for SCM to address the matters which have been identified by the AG and ensure there is no recurrence.**	**GMFS**	**Immediate**

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

PLAN OF CORRECTIVE MEASURES

FINAL AUDIT REPORT 2012/13

PERFORMANCE AUDIT					
Category	**Ref.**	**Findings**	**Action Plan**	**Person Resp.**	**Due Date**
Usefulness of annual performance report	20	I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to usefulness of the annual performance report	**The SDBIP and the organisational scorecard has been amended and reviewed with COGTA to ensure that the KPI'S allows all Departments to Submit sufficient and relevant audit evidence**	**GMP & D**	**February 2014**
Presentation Measures taken to improve performance not supported by sufficient appropriate evidence.	21	Section 46 of the Municipal Systems Act (Act No. 32 of 2000) (MSA) requires the disclosure of measures taken to improve performance report where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided for 46% of measures taken to improve performance as disclosed in the annual performance report selected programs. There has been insufficient training provided to the relevant heads of departments to ensure that they understand the requirements of the annual report. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the validity and accuracy of the measures taken to improve performance	**PMS Training and hands on support has been conducted to all General Managers and Section Heads by COGTA.** **The SDBIP and the organisational scorecard has been amended and reviewed with COGTA to ensure that the KPI'S allows all Departments to Submit sufficient and relevant audit evidence.** **The Municipality has appointed the PMS officer to provide guidance and training to all departments in terms of compiling the annual performance reports.** **Compliance checklist and Standard operating procedures have been drafted to provide guidance in relation to the activities, compliance deadlines and roles and responsibilities of management**	**GMP & D**	**February 2014**
Measurability Performance targets not measurable	22	The National Treasury FMPPI requires that performance could not be measured for a total 34% of the targets. This was due the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.	**PMS Training and hands on support has been conducted to all General Managers and Section Heads by COGTA.** **The SDBIP and the organisational scorecard has been amended and reviewed with COGTA to ensure that the KPI'S allows all Departments to Submit sufficient and relevant audit evidence**	**GMP & D**	**Ongoing**

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

PLAN OF CORRECTIVE MEASURES

FINAL AUDIT REPORT 2012/13

PERFORMANCE AUDIT					
Category	**Ref.**	**Findings**	**Action Plan**	**Person Resp.**	**Due Date**
Performance Indicator not verifiable	23	The FMPPI requires that it must be possible to validate the processes and systems that produce the indicator. A total of 28% of the indicators/ measure were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the fact that management was aware of the requirement of the FMPPI but did not receive the necessary training to enable application of the principles.	**PMS Training and hands on support has been conducted to all General Managers and Section Heads by COGTA.** **The SDBIP and the organisational scorecard has been amended and reviewed with COGTA to ensure that the KPI'S allows all Departments to Submit sufficient and relevant audit evidence.** **The Municipality has appointed the PMS officer to provide guidance and training to all departments in terms of compiling the annual performance reports.** **Compliance checklist and Standard operating procedures have been drafted to provide guidance in relation to the activities, compliance deadlines and roles and responsibilities of management**	**GMP & D**	**February 2014**
Reliability	24	The FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.	**PMS Training and hands on support has been conducted to all General Managers and Section Heads by COGTA.** **The SDBIP and the organisational scorecard has been amended and reviewed with COGTA to ensure that the KPI'S allows all Departments to Submit sufficient and relevant audit evidence.** **The Municipality has appointed the PMS officer to provide guidance and training to all departments in terms of compiling the annual performance reports.** **Compliance checklist and Standard operating procedures have been drafted to provide guidance in relation to the activities,**	**GMP & D**	**February 2014**

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

PLAN OF CORRECTIVE MEASURES

FINAL AUDIT REPORT 2012/13

PERFORMANCE AUDIT					
Category	**Ref.**	**Findings**	**Action Plan**	**Person Resp.**	**Due Date**
			compliance deadlines and roles and responsibilities of management.		
	25	I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to service delivery and spatial and rationale development.	**PMS Training and hands on support has been conducted to all General Managers and Section Heads by COGTA.** **The SDBIP and the organisational scorecard has been amended and reviewed with COGTA to ensure that the KPI'S allows all Departments to Submit sufficient and relevant audit evidence.** **The Municipality has appointed the PMS officer to provide guidance and training to all departments in terms of compiling the annual performance reports.** **Compliance checklist and Standard operating procedures have been drafted to provide guidance in relation to the activities, compliance deadlines and roles and responsibilities of management**	**GMP & D**	**February 2014**
Compliance with laws and regulations	26	I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:	**PMS Compliance checklist has been developed and adopted by MANCO of which progress will be reported to MANCO to track progress on compliance issues**	**GMP & D**	**Ongoing**

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

PLAN OF CORRECTIVE MEASURES

FINAL AUDIT REPORT 2012/13

PERFORMANCE AUDIT					
Category	**Ref.**	**Findings**	**Action Plan**	**Person Resp.**	**Due Date**
Strategic planning and performance management	27	The performance management system of the municipality was not in line with the priorities, objectives, indicators and targets contained in its integrated development plan, as required by Section 38(a) of the MSA.	**PMS Training and hands on support has been conducted to all General Managers and Section Heads by COGTA.** **The SDBIP and the organisational scorecard has been amended and reviewed with COGTA to ensure that the KPI'S allows all Departments to Submit sufficient and relevant audit evidence.** **The Municipality has appointed the PMS officer to provide guidance and training to all departments in terms of compiling the annual performance reports.** **Compliance checklist and Standard operating procedures have been drafted to provide guidance in relation to the activities, compliance deadlines and roles and responsibilities of management**	**GMP & D**	**February 2014**
	28	The municipality did not set key performance indicators, including input indicators, output indicators and outcome indicators in respect of each of the development priorities and objectives set out in the IDP, as required by section 41(1)(a) of the MSA and the Municipal planning and performance management regulation 1 and 9 (1) (a).	**PMS Training and hands on support has been conducted to all General Managers and Section Heads by COGTA.** **The SDBIP and the organisational scorecard has been amended and reviewed with COGTA to ensure that the KPI'S allows all Departments to Submit sufficient and relevant audit evidence.** **The Municipality has appointed the PMS officer to provide guidance and training to all departments in terms of compiling the annual performance reports.** **Compliance checklist and Standard operating procedures have been drafted to provide guidance in relation to the activities, compliance deadlines and roles and responsibilities of management**	**GMP & D**	**February 2014**

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

PLAN OF CORRECTIVE MEASURES

FINAL AUDIT REPORT 2012/13

COMPLIANCE AUDIT					
Category	**Ref.**	**Findings**	**Action Plan**	**Person Resp.**	**Due Date**
Internal Control	36	I considered internal control relevant to my audit of the financial statements, performance report and compliance with laws and regulations. The matters reported under the fundamental of internal control are limited to the significant deficiencies that resulted in the findings on the performance report and findings on compliance with laws and regulations included in this report.	**Oversight role in the form of regular ie. Monthly or quarterly sittings to be convened to deal specifically with respective regulatory documents by the Accounting Officer. Management to ensure reporting and accountability in a collective manner. MANCO shall ensure that these matters are served to discussion and trouble-shooting together with respective timeframes and responsibilities attached.**	**Accounting Officer & Snr Management**	**Monthly w.e.f. January 2014**
Leadership	37	The Accounting Officer did not adequately exercise oversight responsibility over the compliance with laws and regulations relating to the review of annual financial statements procurement and contract management and reported performance information.	**Oversight role in the form of regular ie. Monthly or quarterly sittings to be enhanced by convening such to deal specifically with respective regulatory documents by the Accounting Officer. Management to ensure reporting and accountability in a collective manner. MANCO shall ensure that these matters are served to discussion and trouble-shooting together with respective timeframes and responsibilities attached.**	**Accounting Officer & Snr Management**	**Monthly w.e.f. January 2014**
Financial and performance management	38	Systems and controls were not designed in a manner to prevent, detect and address risks that impact on financial, performance and compliance reporting. In this regard, the Accounting Officer did not ensure that regular, accurate and complete financial and performance reports were prepared and supported by reliable information. This resulted in material corrections in the financial statements.	**Financial - Quarterly AFS are currently prepared to enhance the compliance to finance reporting. In addition checklists have been developed for SCM to ensure compliance to the various matters which were identified. These are currently being implemented.** **Performance - PMS system per the pilot programme is expected to be implemented at Umdoni shortly, which will be monitored to ensure that the risks are adequately mitigated.**	**GMFS & GMP & D**	**Immediate**

CHAPTER SIX

AUDITOR GENERAL AUDIT FINDINGS

PLAN OF CORRECTIVE MEASURES

FINAL AUDIT REPORT 2012/13

COMPLIANCE AUDIT					
Category	**Ref.**	**Findings**	**Action Plan**	**Person Resp.**	**Due Date**
	39	Inadequate monthly monitoring and reconciling of transaction, balances and reports were noted in respect of SCM and reporting on predetermined objectives.	**Financial - The SCM checklists have been implemented as indicated above to eliminate the non compliance matters identified. In addition the SCM policy was reviewed in July 2013 to ensure compliance to the most recent legislation.** **Performance - Per Commitments for the Quarterly Dashboard – Reports and POE files will be monitored on a monthly basis**	**GMFS & GMP & D**	**Immediate**

LH/XSL/1213- 03122013/AC

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE							
Councillor Name	Full Time/ Part Time	Committee Allocated COUNCIL / SPECIAL COUNCIL	Committee Allocated EXCO / SPECIAL EXCO	Committee Allocated FINANCE & ADMINISTRATION	Committee Allocated COMMUNITY SERVICES	Committee Allocated PLANNING, DEVELOPMENT & INFRASTRUCTURE	MPAC
TOTAL NUMBER OF MEETINGS (1 July 2012 – 30 June 2013)		15	14	9	9	9	
Cllr KK Armugam (DA) Ward 10 Councillor	PT	15 of 15 100%				9 of 9 100%	
Cllr EV Baptie EXCO MEMBER (DA) PR 1 Councillor	FT	15 of 15 100%	14 of 14 100%	9 of 9 100%	9 of 9 100% Chairman		
Cllr S Bhoola (MF) Ward 3 Councillor	PT	14 of 15 93%			7 of 9 78%		
Cllr DP Gambushe ANC PR 3 Councillor	PT	12 of 15 80%					
Cllr QT Gumede	PT	1 of 1 100%					

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE							
New Councillor w.e.f. 5/6/2013 NFP (PR 1 Councillor)							
Cllr SSI Khwela MAYOR ANC Ward 5 Councillor	FT	15 of 15 100%	14 of 14 100% Chairman	9 of 9 100% Chairman			
Cllr MN Maphumulo ANC Ward 1 Councillor	PT	15 of 15 100%			8 of 9 89%		8 of 8 100%
Cllr GN Mbambo NFP Resigned wef 31/5/13 PR 1 Councillor	PT	10 of 15 67% Resigned 31/5/2013		6 of 9 67%			5 of 8 62% Chairperson
Cllr SD Mdluli DA PR 2 Councillor	PT	15 of 15 100%				8 of 9 89%	
Cllr MD Moodley Resigned wef 28/2/13 ANC PR 1 Councillor	PT	3 of 10 30% Resigned 28/2/2013			1 of 7 15%		2 of 5 40%
Cllr BM Mthethwa ANC Ward 2 Councillor	PT	15 of 15 100%			9 of 9 100%		
Cllr BJ Mtolo ANC Ward 8 Councillor	PT	15 of 15 100%					7 of 8 87%
Cllr LN Myende ANC Ward 9 Councillor	PT	15 of 15 100%			7 of 9 78%		
Cllr GH	PT	5 of 5			2 of 2		3 of 3

COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE							
Myende New Councillor wef : 27/3/2013 ANC PR 1 Councillor		100%			100%		100%
Cllr P Naidoo SPEAKER ANC PR 2 Councillor	FT	15 of 15 100%	13 of 14 93%	9 of 9 100%		8 of 9 89%	
Cllr JM Ndela IFP PR 1 Councillor	PT	13 of 15 87%				6 of 9 67%	
Cllr TH ANC Ward 6 Councillor	PT	13 of 15 87%		9 of 9 100%		9 of 9 100%	
Cllr GH Nyuswa ANC Ward 7 Councillor	PT	15 of 15 100%		7 of 9 78%			
Cllr S Sookhraj DA PR 3 Councillor	PT	15 of 15 100%		9 of 9 100%			8 of 8 100%
Cllr MO Zama DEPUTY MAYOR ANC Ward 4 Councillor	FT	14 of 15 93%	14 of 14 100%		9 of 9 100%	9 of 9 100%	
Cllr TH Zondi ANC PR 4 Councillor	PT	13 of 15 87%				6 of 9 67%	

APPENDIX B

COMMITTEES AND COMMITTEE PURPOSES

INTRODUCTION TO POLITICAL AND ADMINSTRATIVE GOVERNANCE

Umdoni Municipal Council consists of 19 Councillors, four of which are full time Councillors. The political and gender representation of Umdoni Council during the period of reporting is as follows :

Political Party	Total No. of Councillors	Male	Female
ANC	12	7	5
DA	4	3	1
IFP	1		1
MF	1		1
NFP	1	1 (Replaced Cllr Mbambo w.e.f. 5/6/2013	*1 (Resigned w.e.f. 31/5/2013
TOTAL	19	10 11 – wef 5/6/13	9 8 – wef 31/5/2013

There were the following changes in the Political Leadership during the 2012/13 Financial Year :-

Cllr M Moodley (ANC) (PR 1) resigned w.e.f. 28/2/2013

- Cllr GH Myende Replaced Councillor M Moodley w.e.f. 27/3/2013

Cllr GN Mbambo (NFP) (PR 1) resigned w.e.f. 31/5/2013

- Cllr (Mr) QT Gumede (Replaced Councillor Mbambo w.e.f. 5/5/2013

WARD COUNCILLORS

WARD	COUNCILLOR	AREA
1	Cllr MM Maphumulo	Amahlongwa
2	Cllr BM Mthethwa	Nkulu, Olwasini, Umgwemphisi
3	Cllr S Bhoola	Ghandingar, Lower Umzinto
4	Cllr MO Zama	Scottburgh South, Farmland, Gugulesizwe
5	Cllr SSI Khwela	Freeland Park, Scottburgh Central, Amandawe
6	Cllr TH Ngcobo	Umzinto Central, Hazelwood
7	Cllr GH Nyuswa	Ifafa, Mtwalume
8	Cllr BJ Mtolo	Bhudubhudu, Vusizwe, Zamani
9	Cllr LN Myende	Mafithini, Amangamzai
10	Cllr KK Armugam	Park Rynie, Pennington

Executive Committee Meetings:

The Executive Committee meets once per month and the meetings are open to the public. The Mayor, Cllr SSI Khwela chairs the Exco Meetings and the Executive Committee comprises of the following Councillors:

Cllr SSI Khwela (Mayor and Chairperson of Exco)
Cllr EV Baptie (Exco Member)
Cllr MO Zama (Deputy Mayor)
Cllr P Naidoo (Speaker – Ex- Officio Member of Exco)

PORTFOLIO COMMITTEES

The Umdoni Municipal Council is supported by a Committee System with Portfolio Committees. The Municipality has three Portfolio Committees, namely Community Services, Planning Development & Infrastructure and the Finance & Administration Committee. These Committees meet once per month and make recommendations to the Executive Committee which assists Exco in policy development and accelerated service delivery.

The Community Services Committee advises and recommends to Exco in respect of the following:
Clinics, libraries, beaches, housing, protection services, community facilities, traffic and special programmes.

Cllr Baptie chairs the Community Services Committee Meeting.

Members' attendance at the Community Portfolio Committee Meetings for the period 1 July 2011 to 30 June 2012 was as follows:

Members:

Cllr EV Baptie (Chairman)
Cllr MN Maphumulo
Cllr MD Moodley (Resigned)
and Replaced by Cllr GH Myende
Cllr BM Mthethwa
Cllr LN Myende
Cllr MO Zama
Cllr S Bhoola

PLANNING, DEVELOPMENT & INFRASTRUCTURE COMMITTEE

The Planning, Development & Infrastructure Committee was chaired by Councillor P. Naidoo The PD & I Committee advises and recommends to Exco in respect of the following:

Planning: Town Planning and Development Planning, Building Control and Planning;
Development: IDP (Monitoring, evaluation, amendment and review); and Local Economic Development.
Infrastructure: Roads, Stormwater, Parks & Gardens, Maintenance & Building Maintenance, Refuse Collection and Landfill Site.

Members' attendance at the Planning, Development & Infrastructure Committee Meeting for the period 1 July 2011 to 30 June 2012 was as follows:

Members:

Cllr MO Zama (Chairman)
Cllr P Naidoo
Cllr TH Ngcobo
Cllr TH Zondi
Cllr KK Armugam
Cllr SD Mdluli
Cllr JM Ndlela

FINANCE & ADMINISTRATION COMMITTEE

The Finance & Administration Committee is chaired by Her Worship the Mayor. The F & A Committee advises and recommends to Exco in respect of the following:

Finance: Financial planning, financial policies, financial management and financial reports.

Administration: By-laws, regulations and associated procedures, leasing, letting and hiring, information technology, legal services, secretariat, municipal offices and accommodation, records systems and Human Resources.

Members' attendance at the Finance & Administration Committee Meetings for the period 1 July 2011 to 30 June 2012 was as follows:

Members:

Cllr SSI Khwela (Mayor)
Cllr P Naidoo
Cllr TH Ngcobo
Cllr GH Nyuswa
Cllr EV Baptie
Cllr GN Mbambo
Cllr KK Armugam

OVERSIGHT COMMITTEE

MFMA Circular No. 32 issued by National Treasury provides guidelines on the preparation of the oversight report in respect of a municipality's annual report and those of its entities. The processes recommended in the said circular, include the establishment of an Oversight Committee under Sections 33 and 79 of the Municipal Structures Act, 1998. The Oversight Committee should conduct a detailed analysis and review of the annual report and draft an oversight report to be considered by Council. The Committee should also receive and review representations made by the public and also seek input from other Councillors and Council portfolio committees. Upon finalization, this oversight report is then taken to full Council for adoption.

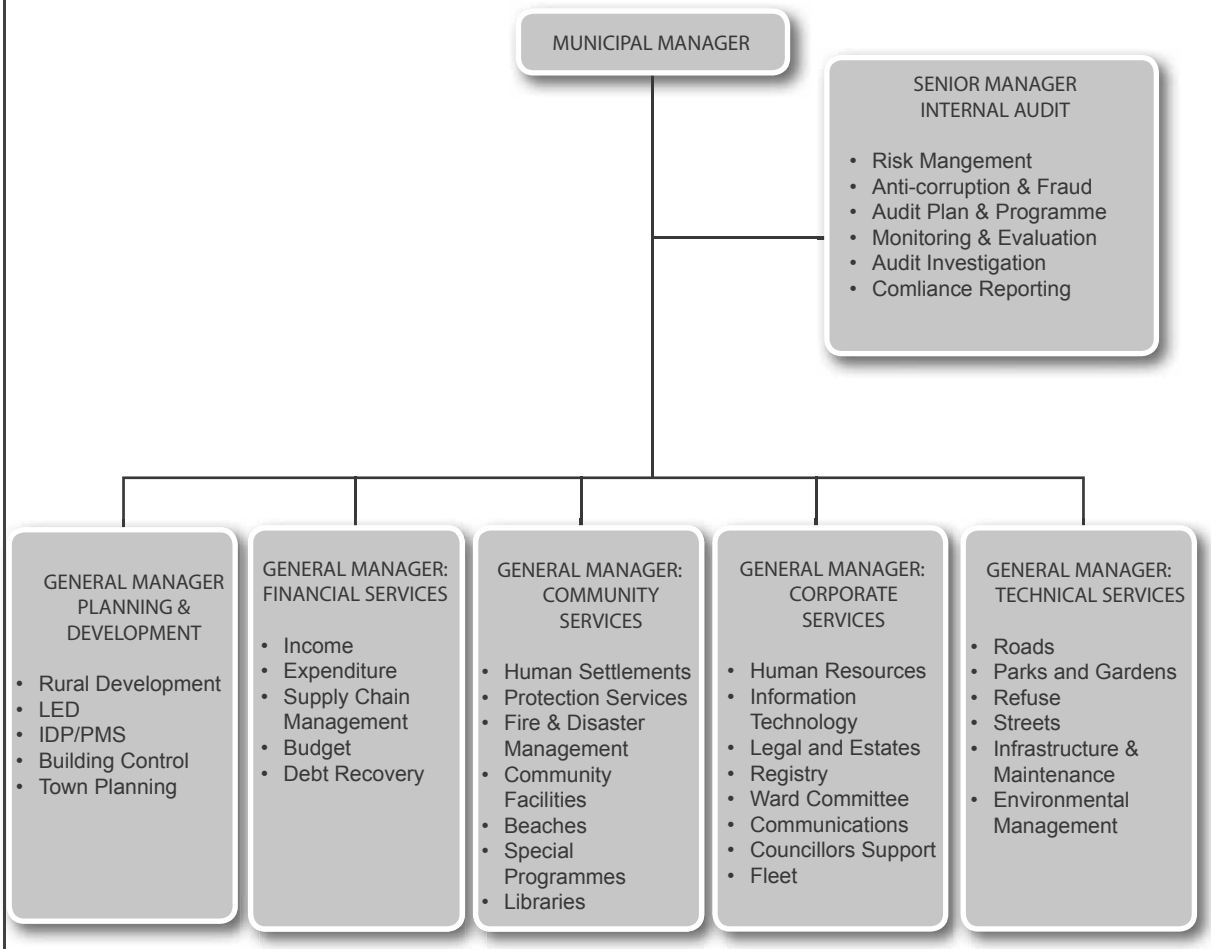
The oversight committee should comprise of only non-executive Councillors and community representatives. Municipal officials cannot be members of the Oversight Committee as this would pose a conflict of interest. Assistance from the Municipality's Audit Committee is also recommended as a major source of independent specialist advice. Umdoni Council appointed its MPAC Committee members as the Oversight Committee for 2012/13.

APPENDIX C

THIRD TIER ADMINISTRATIVE STRUCTURE

ORGANISATIONAL STRUCTURE

The following organizational structure was approved by Council as follows:



APPENDIX D

FUNCTIONS OF MUNICIPALITY / ENTITY

The powers and functions of local government (both District and Local Municipalities) are reflected in the list that follows. This is based on the provisions of the Municipal Structures Act 117 of 1998 (as amended) and the Municipal Demarcation Board. It must be noted that the allocation of powers and functions does not include the adjustments by the MEC following the recommendations of the Municipal Demarcations Board.		
1. Air Pollution	X	
2. Building Regulations	X	
3. Child Care Facilities	X	
4. Electricity Reticulation		X
5. Fire Fighting Services	Shared	Shared
6. Local Tourism	Shared	Shared
7. Municipal Airports	Shared	Shared
8. Municipal Health Services		X
9. Municipal Public Transport		
10. Pontoons, Ferries, Jetties, Piers and Harbours	X	
11. Storm Water Management Systems in Built up Areas	X	
12. Trading Regulations	X	
13. Potable Water		X
14. Sanitation		X
15. Billboards and the Display of Advertisements in Public Places	X	
16. Cemeteries, Funeral Parlours and Crematoria	Shared	Shared
17. Cleansing	X	
18. Control of Public Nuisances	X	
19. Control of Undertakings that Sell Liquor to the Public	X	
20. Facilities for the Accommodation, Care and Burial of Animals	X	
21. Fencing and Fences	X	
22. Licensing of Dogs	X	
23. Licensing and Control of Undertakings that sell food to the public	X	
24. Local Amenities	X	
25. Local Sport Facilities	X	
26. Markets	Shared	Shared
27. Municipal Abattoirs	Shared	Shared
28. Municipal Parks and Recreation	X	
29. Municipal Roads	Shared	Shared
30. Noise Pollution	X	
31. Pounds	X	
32. Public Places	X	
33. Refuse Removal, Refuse Dumps and Solid Waste	Shared	Shared
34. Street Trading	X	
35. Street Lighting	X	

APPENDIX E
WARD REPORTING

Section 152 of the Constitution places the participation of communities at the centre of service delivery and other matters of Local Government, the Municipal Structures Act, and (Act 117 of 1998). Municipal Systems Act, (Act 32 of 2000) provides the legislative framework for the establishment of Ward Committees within the municipality and its area of jurisdiction. Ward Committees were introduced in municipalities as community structures to play a critical role in linking and informing the municipality about the needs, potentials and challenges of the communities.

Establishment of Ward Committees

Notice was given in terms of Chapter 4 of the Local Government Municipal Systems Act 32 of 2000 and Part 4 of Chapter 4 of the Municipal Structures Act. Act 117 of 1998 for the established of Ward Committees in all Wards that fall within the jurisdiction of Umdoni. A Ward Committee was established for each Ward in the Municipality. Umdoni is sub-divided into ten Wards comprising of Rural and Urban components.

To enable Ward Committees to perform their functions and exercise their powers effectively, a fully equipped office was allocated for the Ward Secretariat to perform his/her duties. The provision of these facilities are to ensure that the Ward Committee's duties are performed in an efficient and effective manner. A Ward Committee Official is available at the office to offer support and assist administratively were necessary.

Composition of Ward Committees

A Ward Committee consists of the Councillor representing that Ward in the Council, who must also be the Chairperson of the Committee; and not more than 10 other persons.

When electing members the following is taken into account as follows:-

a) Women must be equitably represented in a Ward Committee

b) Diversity of interests in the Ward to be represented

c) Gender equity may be pursued by ensuring an even spread of men and women on a Ward Committee.

FREQUENCY OF WARD COMMITTEE MEETINGS

In accordance with the Ward Committee Policy Ward Committees must meet at least once every quarter. Extra-ordinary meetings may be convened as and when the Committee deems it necessary. An annual schedule of meetings are circulated to all Ward Committees in preparation for forthcoming meetings. Due to the Local Government Elections that took place in the first quarter, no meetings were convened during this period. The schedule below depicts meetings that were convened from October 2011-June 2012.

WARD	COUNCILLOR	AREA
1	M N Maphumulo	1/4
2	B M Mthethwa	2/4
3	S Bhoola	2/4
4	M O Zama	2/4
5	SSI Khwela	1/4
6	T H Ngcobo	2/4
7	G H Nyuswa	3/4
8	B J Mtolo	3/4
9	L N Myende	3/4
10	K Armugam	3/4

APPENDIX F
WARD INFORMATION

WARD	COUNCILLOR	AREA
1	Cllr MM Maphumulo	Amahlongwa
2	Cllr BM Mthethwa	eNkulu Traditional Authority, Olwasini and uMg-wempisi
3	Cllr S Bhoola	Ghandinagar and lower Umzinto
4	Cllr MO Zama	Gugulesizwe, Farmland and Scottburgh-South
5	Cllr SSI Khwela	Freeland Park, Scottburgh Central and Amandawe
6	Cllr TH Ngcobo	Umzinto Central and Hazelwood
7	Cllr GH Nyuswa	Ifafa and uMthwalume
8	Cllr BJ Mtolo	Bhudubhudu, Vusizwe and Zamani
9	Cllr LN Myende	Mafithini and Mangamanzini
10	Cllr KK Armugam	Park Rynie and Pennington

APPENDIX G
RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2012 / 2013

Members of the Audit Committee:

Mr. Paul Preston - Chairperson
Mrs. Chantel Elliott - Member
Mr. Imraan Lockhat - Member

1. INTRODUCTION

In terms of section 62(1)(c) of the Municipal Finance Management Act (MFMA), No.56 of 2003, the Municipal Manager is the Accounting Officer and is responsible for managing the financial administration of the municipality. The Audit Committee is appointed in terms of Municipal Legislation, to assist and to advise the Mayor, Speaker and Municipal Manager of the Municipality. It is afforded wide powers and obligations in terms of Section 166 of the Municipal Finance Management Act. This report documents the activities of the Audit Committee sitting as a shared service for the Umdoni Local Municipality for the 2012/2013 financial year.

2. MEMBERS AND MEETINGS OF THE AUDIT COMMITTEE

In terms of the MFMA and the Umdoni Local Municipality's Audit Committee Charters, the Audit Committee as at the 30 June 2013, included three external independent members. None of the members were Councillors. The membership composition of the Audit Committee does not include the Municipal Manager. The Audit Committee included the members listed above and meets at least four (4) times per annum as per its approved Charter and twice a year as a Performance Audit Committee and did so, for the year, to discharge its responsibilities.

Meetings of a more informal nature with the Mayor/Speaker/Deputy Mayor and Senior Councillors took place from time to time. These meetings included ongoing assessment of statutory compliance, risk in respect of the Municipality and considered the Municipality's financial position.

The Audit Committee also sat as a Performance Audit Committee for performance audits in respect of Section 40, 41, 43 and 46 of the Municipal Systems Act (MSA).

Councillors, unless specifically invited, are excluded from meetings. The Chairman directs the pace and length of discussions

APPENDIX G
RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2012 / 2013

and maintains his independence at all times. Members feel comfortable in discussing issues, questioning management as well as referring to COGTA and the Auditor General (who are standard invitees to all meetings), for comment and advice, and initiating discussions with adequate opportunity to discuss issues and ask probing and/or challenging questions of management and other employees where necessary.

Audit Committee members respect and maintain the confidentiality of meetings, the agendas with the Political Leadership, management, internal audit and the external auditors.

Audit Committee members carefully reviewed and approved draft meeting minutes to ensure they captured the essence of issues and discussion. Committee members met with each another and exchanged e-mails with the Manager: Internal Audit, the Municipal Manager and the Committee Chairperson between meetings if issues or concerns arose. An atmosphere of mutual trust and respect exists between the Audit Committee and Municipal Management while maintaining a spirit of healthy scepticism and independence.

3. AUDIT COMMITTEE'S RESPONSIBILITIES AND FINDINGS

The Audit Committee's responsibilities are outlined in Section 166(2) of the MFMA. The Internal and External Audit Committee Charters were reviewed by the Audit Committee and recommendations were made to enhance the independence of the Audit Committee in line with King III on Corporate Governance. In discharging its responsibilities for the year ended 30 June 2013 the Audit Committee completed the following:-

3.1 Audit Committee Meetings

• Reviewed the quality of the financial information, financial statements and other statutory/ public and regulatory reporting was tabled before the Audit Committee;

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2012 / 2013

• Reviewed the draft annual financial statements and the draft Performance Audit information prior to submission to Council and then the Auditor-General and made recommendations on enhancing the quality of disclosure;

• Reviewed the draft annual financial statements and performance information to ensure they present a balanced credible and understandable assessment of the position, performance and prospects of the Municipality;

• Reviewed the Auditor General's proposed audit report in relation to the year ended 2013;

• Discussed problems and reservations arising from the audit, and any matters the A.G. wished to discuss;

• Reviewed the Auditor General's management letter and management response with regard to the corrective action to be undertaken in response to significant internal audit findings;

• Identified key matters arising in the prior year's management letter and satisfied itself that they were being properly followed up;

• Reviewed and recommended the Internal Audit Plan.

3.2 Performance Management

The Audit Committee, sitting as a Performance Audit Committee, considered matters relating to performance management in order to discharge the responsibilities prescribed in terms of Regulation 14(4) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

These responsibilities included:

• A review of the quarterly reports submitted by internal audit.

• Understanding the Planning and Performance Management Regulations.

• Reviewed the performance management system and testing the functionality thereof and compliance with the Municipal Systems Act and the MFMA.

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2012 / 2013

• Focussed on the economy, effectiveness, efficiency, reliability and impact applicable to the Municipality's own key performance indicators.

• Considered the application of Sections 40, 41, 43 and 46 of the MSA, with reference to the I.D.P. and the shortcomings of the Municipality in this regard and reviewed same prior to submission to the Council and the Auditor General.

• Established that there has (as in the past years) been a pervasive failure by the Municipality to comply with Sections 40, 41, 43 and 46 of the Local Government: Municipal Systems Act in that the reporting in respect of the Integrated Development Plan ("IDP") has been found to be inconsistent with the objectives, indicators and targets in the approved annual performance plan. This was noted with concern, aware that the Auditor General would make an adverse finding, which it did. The Auditor General has found that the cause of the inconsistency is due to inadequate review of reports before submission.

• Performance Management does not provide credible information indicating or giving assurance that Performance Management is receiving attention.

3.3 Leadership

3.3.1 The Municipality continues to operate within a sound and harmonious leadership framework. There is synergy and respect which begins at a political level and which permeates through to an operational level within the Municipality.

3.3.2 Mr. Luthuli took over as Municipal Manager of the Municipality since March 2013 and the process and operations have been well managed by both Mr. Luthuli as well as the other role players within the Municipality. Mention must be made of the role played by the Manager: Internal Audit, Mrs Linda Harisingh, helpful

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2012 / 2013

and generous, in sharing her detailed knowledge of legislative compliance in this regard.

3.3.3 In Financial Management the Municipality remains very strong. There were issues raised by the Auditor General with regard to unauthorised spending and in procurement. None of these impacted materially on the sound financial health and structure of the Municipality. Management must strengthen tender procedures.

3.3.4 There are certain areas on which the Municipality needs to focus. The first of those is an area of IT which is a challenging and evolving field which the Municipality is dealing with purposefully at the time of the completion of this report.

3.3.5 The second of these issues is that of performance management. Regrettably the Municipality has performed disappointingly in this sphere, notwithstanding much attention and assistance given to the area by both the Audit Committee and by representatives of Co-Operative Governance and Traditional Affairs (CoGTA).

3.3.6 Consequently, the Auditor General found that the Municipality had failed to implement and maintain the disclosed measures resolved upon to improve its performance and its evaluation of its own performance and to manage its own performance evaluation.

3.3.7 This contributed to the resultant Audit Report with an emphasis of matter and requires special and ongoing attention by the Municipality during the next financial year. This matter was extensively deliberated upon by Audit Committee calling for strenuous remedial measures.

3.4 Internal Control and Internal Audit

The External Audit Committee

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2012 / 2013

is responsible for monitoring and advising in respect of the effective functioning of the Internal Audit activity. Internal Audit reports functionally to the Audit Committee and administratively to the Accounting Officer. The Audit Committee:-

• has direct access to Internal Audit through a reporting relationship with Internal Audit thus supporting its independence from management.

• via the Chairperson has conducted regular private telephone calls and exchanged e-mails, and meetings with the Manager of Internal audit to allow for frank discussion of issues and concerns.

• evaluated the performance of internal audit and the independence and effectiveness of the internal auditors.

• understands the scope of internal and external auditor's review of internal control over financial reporting, and obtained reports on significant findings and recommendations, together with management's responses.

• evaluated controls over the overall operational and financial reporting environment and reviewed the effectiveness of the internal controls.

• assessed the adequacy of performance of the internal audit function, and the adequacy of available internal audit resources.

• reviewed the adequacy and frequency of corrective action taken in response to significant Auditor General's findings raised in the prior year.

• reviewed and approved the Internal Audit Charter, Internal Audit Plans and Internal Audit's conclusions with regard to internal control.

• frequently discussed matters with respect to risk assessment and asset management.

• discussed at length the persuasive flaws in performance management.

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2012 / 2013

3.5 Compliance and Ethics

From a review of various reports and discussions held at Audit Committee meetings the Audit Committee noted that a Fraud Prevention Strategy was in place and a code of conduct for municipal staff in terms of the Municipal Systems Act was applied by the municipality. The Audit Committee is satisfied that it has complied with its responsibilities. It has reviewed the effectiveness of mechanisms for the identification and reporting of compliance with laws as set out in the pre-determined Internal Audit Plan and regulations; and the findings of regulatory bodies or audit observations. It must be stated, however, that fraud is very difficult to detect at every level.

3.6 Section 71 (of the MFMA) Management Report

This is required at each Audit Committee meeting from the Chief Financial Officer. It is most helpful in providing a contemporaneous indication of the financial health and state of the Municipality at any given time. The Audit Committee recommends that monthly section 71 Management reports also be submitted to the Council during the year.

3.7 The Consideration of the Auditor General's Report

The Auditor General has tabled its Final Management Report and Audit Finding in respect of the year under review. The AG expressed an opinion with regard to Performance Management and failure to align its performance with its pre-determined objectives.

3.8 In-year reports submitted in terms of the MFMA

The quarterly performance management reports (pms), the budget and SDBIP, Internal Audit reports and the Annual Performance Reports have been called for by the Audit Committee. The Audit Committee reviewed

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2012 / 2013

these reports and was not satisfied with some of the content and quality of these reports prepared in respect of performance management and issued on behalf of the Accounting Officer and management during the year under review and the minutes of the External Audit Committee reflects this.

3.9 Internal Audit Function

During the year under review, an audit plan was prepared based on the Annual Risk Assessment. The following is a list of areas of concerns which required Internal Audit and Management's high levels of attention:

- Ethics
- Asset Management Review
- Bi-annual reviews of Performance Management
- Cash Flow Management Review
- Financial Discipline Review
- Overtime
- Rates Revenue
- Follow Up Review: Revenue Management
- Information Technology General Controls Review
- Supply Chain Management Discipline Review
- Corrective Action Plans: A-G Management Report & Audit Reports
- Section 36 and 17(1)(c) of Supply Chain Management Regulations
- Annual Financial Statements
- Fraud Prevention
- Statutory Compliance.
- Risk Management
- Performance Management
- Internal Audit Plan

An annual assessment of the Internal Audit Function had been completed by the Audit Committee. The External Audit Committee is satisfied with the performance of the Internal Audit function and reports that all projects in terms of the approved risk based annual audit plan had been adequately provided to the Audit Committee as required by Law. The plan

APPENDIX G
RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2012 / 2013

comprising of the approved projects for the Financial Year 2012-13 and it's status of attention is reported upon in the Internal Audit Report within the Annual Report under the auspices of the Office of the Municipal Manager.

4. EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee has reviewed the credibility, the draft annual financial statements and the Municipalities Performance Management for the year ended 30 June 2013 prior to same being submitted to the Auditor General on the 31 August 2013. The Committee reviewed the accounting policies and practices and evaluated the draft annual financial statements based on the information provided to the Committee and considered the integrity of the said statements complying in all material respects with the requirements of the MFMA and Treasury Regulations as well as the statements of Generally Recognised Accounting Practice (GRAP).

The Committee will also, in the following financial year review and interrogate the audited financial statements together with the report of the Auditor General and the related management letter and Audit finding with management responses and the required corrective action. This provides the Municipal Council with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness on overall compliance with the MFMA and any other applicable legislation and formally notes the favourable state of the Municipalities' Financial Position.

5. CONCLUSION

I would like to thank Mr. Lockhat and Mrs. Elliott for making themselves available to serve on this Committee and for the significant contribution that they have made.

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2012 / 2013

As an Audit Committee, we rely to a great extent on the Manager: Internal Audit and her staff in the Internal Audit Department for their support and assistance and, in particular, for the role they continue to play in improving the accounting and internal auditing systems and controls at Umdoni Local Municipality. We are indebted to them for their service and the good quality of the board packs. We are also grateful to the helpful input of the Municipal Manager and his integrity in all matters, the Chief Financial Officer, the Auditor-General, CoGTA, Treasury, Private Auditors and all other invitees to our meetings, including the external service providers, all of whom provide invaluable information to the Committee.

Mr Paul Preston
Chairperson: Ugu District Municipality
Shared Services Audit Committee
Date: 05 December 2013

APPENDIX H

LONG & SHORT TERM CONTRACTS & LEASES/AGREEMENTS

Long Term Agreements:

The following long-term agreements were entered into during the year under review (30 June 2012 to 1 July 2013) as listed hereunder:

Agreements Entered Into With:	Description	Duration
The Document Warehouse Ref. A5 – No 1	Agreement for the collection, delivery & storage of documents/ electronic media.	24 months initially, thereafter automatically extended. Effective from 1 July 2012
ESKOM Ref. Eskom – No 6	Public Lighting Service Agreement	August 2012 to continue until terminated.
Provincial Department of Human Settlements – KZN & SLB Consulting (Implementing Agent) Ref. Um 3 – No 27	Umzinto Slums – Clearance Housing : Tripartite Memorandum of Agreement	1 October 2012 – 30 September 2016
Ithala Ltd	Deduction Agreement	September 2012 – will remain in force according to terms stated in the preamble to the agreement.
Chubb : Ref. A5 – No 6	Armed response for Shayamoya Library	11 September 2012 to continue until cancelled.
Evaluations Ref. A5 – No 7	Project deliverables in respect of Bid No 33/2010	1 July 2012 – 30 June 2016
KZN Department of Transport Ref. A5 – No 9	Memorandum of Understanding for Scholar Patrols	9 July 2012 – 8 July 2015
"Ispace" (PTY) Ltd Ref. A5 – No 11	Provision of Internet Software / Equipment	21 October 2012 continuing on a monthly basis until terminated.
Lemno Marine Properties Ref. S11 – No 21	Encroachment Agreement – Erven 870 & 871 Scottburgh	1 November 2012 continuing on a monthly basis until terminated.
S.C.D.A. CC Ref. A5 – No 14 Agreement with Signage Consultant 12 November 2012 to 11 November 2017	Agreement with Signage Consultant	12 November 2012 to 11 November 2017
Eskom Ref. Eskom – No 7 Free Basic Electricity 1 July 2012 to 30 June 2015	Free Basic Electricity	1 July 2012 to 30 June 2015

Short Term Agreements:

The following short-term agreements were entered into during the year under review:

Agreements Entered Into With:	Description	Duration
Department of Arts & Culture Ref. A5 – No 3	Provision of funding for staffing costs for the various Umdoni municipal libraries.	1 July 2012 – 31 July 2013
Department of Arts & Culture Ref. A5 – No 3	Provision of assistance with the completion of the Annual Financial Statements for 2012	23 July 2012 – 7 September 2012
TWS Digital Printing CC Ref. P- No 39	Photocopier Service Agreement – Ward Committee Support	1 July 2012 – 30 June 2013
Department of Health (obo KZN Provincial Administration) Ref. A5 – No 13	Service Level Agreement	1 April 2012 until the date of transfer.
Department of Health (obo KZN Provincial Administration) Ref. A5 – No 13	Agreement of Grant for the Corridor Development Programme / Beach front Development	December 2012 until final payment is effected.
Department of Health (obo KZN Provincial Administration) Ref. A5 – No 13	Agreement to rent Kyocera Taskalfa Photocopier in Committee Section	36 month period (initially) commencing on 25 March 2013
PanSolutions Office Automation CC Ref. Photo-No 41	Agreement to rent Kyocera Taskalfa Photocopier in IT, HR & Debt Recovery Sections	36 month period (initially) commencing on 25 March 2013
Leaf Technologies & Custom Capital Ref. Tel.-No15	Maintenance & Rental Agreements for Siemens Hipath 3800 PABX System	36 month period (initially) Commencing on 19 March 2013
Leaf Technologies & Custom Capital Ref. Photo-No 45	Maintenance & Rental Agreements for Kyocera Photocopier in Project Management Unit	36 month period (initially) Commencing on 19 March 2013
Leaf Technologies & Custom Capital Ref. Photo-No 44	Maintenance & Rental Agreements for Taskalfa Photocopier in Building Control Section	36 month period (initially) Commencing on 19 March 2013
Leaf Technologies & Custom Capital Ref. Photo-No 43	Maintenance & Rental Agreements for Kyocera Photocopier in Special Projects Section	36 month period (initially) Commencing on 19 March 2013
Leaf Technologies & Custom Capital Ref. Photo-No 42	Kyocera Photocopier in Motor Vehicle Licensing Section	36 month period (initially) Commencing on 19 March 2013

Leases

The following leases were entered into during the year under review:

Agreements Entered Into With:	Description	Duration
Provincial Government of the Province of KwaZulu-Natal : KZN Public Works Ref. U3 – No 29	Lease of Portion 2 of Erf 328 Umzinto	1 September 2012 – 31 August 2017
The Beach Company Ref. S11 – No 18	Lease of "The Beach Comber" – Scottburgh Beach Pavilion	31 October 2012 – 30 April 2012
Pleasure Foods (Pty) Ltd	Lease of "Wimpy & Phat Boyz" – Scottburgh Beach Pavilion	31 October 2012 – 30 April 2012 and 1 May 2013 – 31 July 2013
Mrs J N McConnell Ref. S11 – No 16	Lease of the "All Sorts Shop" – Scottburgh Beach Pavilion	31 October 2012 – 30 April 2012 and 1 May 2013 – 31 July 2013
Mrs J N McConnell Ref. S11 – No 17	Lease of "Fun Hire" – Scottburgh Beach Pavilion	31 October 2012 – 30 April 2012 and 1 May 2013 – 31 July 2013
Mr BJ Joubert Ref. S11 – No 20	Lease of "The Waterslide" – Scottburgh Beach Pavilion	31 October 2012 – 30 April 2012 and 1 May 2013 – 31 July 2013
Mr BJ Joubert Ref. S11 – No 19	Lease of "Miniature Golf" – Scottburgh Beach Pavilion	31 October 2012 – 30 April 2012 and 1 May 2013 – 31 July 2013

APPENDIX I:
MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

NIL

APPENDIX J:
DISCLOSURES OF FINANCIAL INTERESTS (SECTION 57 OFFICIALS):

NAME	DEPARTMENT	FINANCIAL	ANYTHING DECLARED BY MEMBER OF STAFF	MATTER DISCLOSED	DATE ON WHICH FORM WAS RECEIVED
D D NAIDOO	MUNICIPAL MANAGER	YES	YES	Partnership/Directorship:- SAK INVESTMENTS Owner of :- Rem of Sub 5 of Lot 850 Albersville Port Shepstone	13/11/2009
A NUNKUMAR	GM FINANCIAL SERVICES	YES	YES	Shares in Sasol - +- R3 000	13/11/2009
CD VEZI	GM PLANNING & DEVELOPMENT	YES	NO	-	26/06/2012
S CHETTY	GM TECHNICAL SERVICES	YES	YES	Private business (shop) = In-come = +-R15 000pm Owner of :- Erf 2 of 359 Park Rynie	25/03/2012
S G DLUDLA	CORPORATE SERVICES	YES	YES	Membership/directorship :- Amadludlu Trading CC, Actibas Trading CC & Ndodi's Trading CC Earnings for above stated as : R1 Private business: - Owner of Stonehill Tavern, Dludlu's Tuckshop & Sqalo Court (Flats/Rooms to let) – Earnings for above - R3 000)	05/09/2012

APPENDIX K:
REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

Consolidated Category	Net Raising	Net Paid	% Completion
Rates	47,776,266	43,811,100	92%
Refuse	6,215,868	5,704,424	92%
Sundry	8,961,737	8,367,467	93%
Payments in Advance	16,160,098	18,311,148	113%
Total	**79,113,969**	**76,194,139**	**96%**

The above revenue collection measures total payment vs. the amount raised. Due to our debt recovery policy the amount paid by a debtor is alocated to the oldest debt first, thereby assiting in preventing prescription.
Whilst 96 % is a fair recovery rate in local government , alternate collection methods will be implemented in the 13/14 year to taget the “old debt”.

APPENDIX K (I):
REVENUE COLLECTION PERFORMANCE BY VOTE

REFER TO APPENDIX E1 OF THE ANNUAL FINANCIAL STATEMENTS

APPENDIX K (II):
REVENUE COLLECTION PERFORMANCE BY SOURCE

REFER TO STATEMENT OF COMPARISON OF BUDGET AND ACTUAL INFORMATION ON ANNUAL FINANCIAL STATEMENTS

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

GRANT NAME	FUNDING	SPHERE	OPENING BALANCE 01/07/2012	RECEIPTS FOR THE YEAR
SCOTTBURGH LIBRARY INTERNET	LIBRARY SERVICES	Provincial	-14,067	-100,800
SETA	LOCAL GOV SETA	Provincial	-142,332	-239,488
FINANCE MANAGEMENT GRANT	NATIONAL TREASURY	National	-365,235	-1,500,000
ENVIROMENTAL MANAGEMENT PRACTICE	KZN AGRIC & ENV AFFAIRS	Provincial	-100,000	-
MSIG	NATIONAL TREASURY	National	-58,818	-800,000
MALANGENI LIBRARY	LIBRARY SERVICES	Provincial	-	-96,000
UMZINTO LIBRARY	LIBRARY SERVICES	Provincial	-35,119	-90,000
LIBRARY SERVICES	LIBRARY SERVICES	Provincial	-	-1,960,000
FRESH PRODUCE MARKET	COGTA	Provincial	-222,748	-
PARK RYNIE INDUSTRIAL PARK	COGTA	Provincial	-1,663,433	-
THUSONG CENTRE	COGTA	Provincial	-472,591	-
			-3,074,343	**-4,786,288**

APPENDIX M: CAPITAL EXPENDITURE – UPGRADE/ RENEWAL PROGRAMME

UMDONI MUNICIPALITY
Jewel of the South Coast

CAPITAL EXPENDITURE INCLUDING MIG (NEW ASSETS PROGRAMME AND UPGRADE OR RENEWAL PROGRAMME)

VOTE NO.	VOTE DESCRIPTION	TOTAL EXPENDITURE	NEW/RENEWAL/ UPGRADE
DEPARTMENT: COUNCIL GENERAL			
VOTE 110: COUNCIL GENERAL			
3 110 1787 1	Office Chair	1,595	New
TOTAL COUNCIL GENERAL		1,595	
VOTE 130: INTERNAL AUDIT			
3 130 1787	Office Chair	815	New
3 130 1872	Desk	1,467	New
TOTAL INTERNAL AUDIT		2,282	
VOTE 120: COUNCIL ADMINISTRATION			
3 120 1930 1	Printer	1,786	New
3 120 2324 1	Flooring	11,080	New
TOTAL : COUNCIL ADMINISTRATION		12,866	
TOTAL : COUNCIL GENERAL		16,743	
DEPARTMENT: CORPORATE SERVICES			
VOTE 360: CORPORATE SERVICES			
BUILDING MAINTENANCE			
3 310 2173 1	AIRCON COUNCIL CHAMBERS	19,737	New
3 310 2326 1	Automated Main Entrance	35,539	New
3 310 2410 1	TILING SCOTT OFFICE	74,150	New
BUILDING MAINTENANCE		129,425	
COMMUNICATION			

UMDONI MUNICIPALITY
Jewel of the South Coast

CAPITAL EXPENDITURE INCLUDING MIG (NEW ASSETS PROGRAMME AND UPGRADE OR RENEWAL PROGRAMME)

VOTE NO.	VOTE DESCRIPTION	TOTAL EXPENDITURE	NEW/RENEWAL/ UPGRADE
3 360 2175 1	Office Furniture	12,280	New
COMMUNICATION		**12,280**	
LEGAL AND ESTATES			
3 350 2175 1	Laptop - Admin Officer Legal & estate	11,840	New
3 350 2328 1	Guard House for Security wendy house	5,650	New
3 350 2329 1	Guard House + Public Ablutions	89,095	New
3 350 2330 1	Additional Renovations - Pennington	35,100	Upgrade
LEGAL AND ESTATES		**141,685**	
INFORMATION TECHNOLOGY			
3 360 1641 1	Backup Server	128,125	New
3 360 2134 1	Digital Camera	3,520	New
3 360 2145 1	Desktop Computer	12,205	New
3 360 2168 1	Airconditioner	8,289	New
INFORMATION TECHNOLOGY		152,139	
GM'S OFFICE			
3 360 2155 1	Office Furniture for Ward Councillors = 6	46,580	New
3 360 2414 1	Hydroboiler	6,415	New
GM'S OFFICE		52,995	
TOTAL: CORPORATE SERVICES		**488,525**	
DEPARTMENT: TECHNICAL SERVICES			
VOTE 400: WORKSHOP			

APPENDIX M: CAPITAL EXPENDITURE – UPGRADE/ RENEWAL PROGRAMME

UMDONI MUNICIPALITY
Jewel of the South Coast

CAPITAL EXPENDITURE INCLUDING MIG (NEW ASSETS PROGRAMME AND UPGRADE OR RENEWAL PROGRAMME)

VOTE NO.	VOTE DESCRIPTION	TOTAL EXPENDITURE	NEW/RENEWAL/ UPGRADE
3 400 1703 1	Bakkie with a Tools canopy	116,218	New
3 400 2373 1	Heavy Duty Extention Cables	650	New
3 400 2375 1	Bench vice no.14	1,947	New
3 400 2376 1	Industrial Hand Drill	664	New
3 400 2377 1	Industrial Bench Grinder	499	New
TOTAL : WORKSHOP		119,979	
VOTE : PROJECT MANAGEMENT UNIT			
PROJECT MANAGEMENT UNIT			
3 320 2117 1	KwaCele Community Hall	73,815	New
3 500 2230 1	SHAYAMOYA SPORTSFIELD	219,816	New
3 500 2263 1	Umzinto Sportfield -MIG	2,536,649	New
3 510 1885 1	Bus Shelters	247,502	New
3 510 2136 1	Office Furniture (PMU)	8,110	New
3 510 2255 1	Gqolweni Road	3,546,976	New
3 510 2411 1	Humberdale Crematorium	85,539	New
3 510 3430 1	MOTOR VEHICLE	467,185	New
3 520 2316 1	PR Industrial Park	1,168,002	Renewal
3 520 2314 1	D 153	3,186,250	New
3 520 2416 1	UPGRADE-RURAL ROADS (MIG)	286,949	Upgrade
3 320 2431 1	Malangeni Thusong grant	58,156	Upgrade
3 200 2312 1	FMG CAPEX	30,655	New
3 520 2418 1	D 153 - HOA	3,656,409	New
TOTAL : PMU		15,572,013	
VOTE 500: PARKS & GARDENS			
3 500 0231 1	BRUSHCUTTERS	42,000	New
3 500 2402 1	Computer +Printer	9,000	New

UMDONI MUNICIPALITY
Jewel of the South Coast

CAPITAL EXPENDITURE INCLUDING MIG (NEW ASSETS PROGRAMME AND UPGRADE OR RENEWAL PROGRAMME)

VOTE NO.	VOTE DESCRIPTION	TOTAL EXPENDITURE	NEW/RENEWAL/ UPGRADE
TOTAL : PARKS & GARDENS		51,000	
VOTE 510: ADMINISTRATION			
3 510 1669 1	New Deport (funded by sale of land)	1,656,383	New
3 510 1752 1	Computer & Printer	10,016	New
3 510 2132 1	Office Furniture	2,300	New
3 510 2234 1	NEW OFFICE BLOCK	1,162,024	New
3 510 2401 1	Flip Chart & Charts	431	New
TOTAL : ADMINISTRATION		2,831,155	
VOTE 520: ROADS			
3 520 1703 1	Bakkies	216,139	New
3 520 1752 1	Computer +Printer	12,205	New
3 520 2383 1	GIS Programme Licence	28,942	New
TOTAL : ROADS		257,287	
VOTE 530: COUNCIL BUILDING MAINTENANCE			
3 530 1703 1	Long wheelbase Bakkie	216,139	New
3 530 2384 1	Small Drill	450	New
3 530 2388 1	Scaffolding	25,750	New
3 530 2392 1	Pipe Vice	1,521	New
TOTAL : COUNCIL BUILDING MAINTENANCE		243,860	
VOTE 850: REFUSE			
3 850 2396 1	Industrial Grease Gun	4,284	New
3 850 2397 1	Galvanized Trolleys with Rubber Bins x20	67,000	New
3 850 2398 1	Toilets Industrial mops with Trolleys x10	31,410	New
TOTAL : REFUSE		102,694	

APPENDIX M: CAPITAL EXPENDITURE – UPGRADE/ RENEWAL PROGRAMME

UMDONI MUNICIPALITY
Jewel of the South Coast

CAPITAL EXPENDITURE INCLUDING MIG (NEW ASSETS PROGRAMME AND UPGRADE OR RENEWAL PROGRAMME)

VOTE NO.	VOTE DESCRIPTION	TOTAL EXPENDITURE	NEW/RENEWAL/ UPGRADE
VOTE 540: ENVIRONMENTAL MANAGEMENT			
3 540 1985 1	Digital Camera	5,016	New
3 540 2251 1	Computer	24,410	New
TOTAL : ENVIRONMENTAL MANAGEMENT		29,426	
VOTE 140: DISASTER REHABILITATION			
3 140 2013 1	Marine Drive South	414,545	New
3 140 2016 1	Fourth Street	90,886	New
3 140 2017 1	Park Rynie Stormwater	246,000	New
3 140 2001 1	David Avenue	214,164	New
3 140 2018 1	Alkins, across Main Road to Barnet Road	153,000	New
3 140 2023 1	Wright lane	12,298	New
3 140 2030 1	Cowry Drive	18,103	New
3 140 2033 1	Olive Road	105,413	New
3 140 2038 1	Road to Club Marina	360,477	New
3 140 2042 1	Colebrander Road	56,101	New
3 140 2043 1	Yellow Bill Kite Lane	13,136	New
3 140 2047 1	Ghandinagar	2,622,708	New
3 140 2055 1	Malangeni 5	43,984	New
3 140 2066 1	Malangeni 12	480,172	New
3 140 2080 1	Malangeni- Gobhozi Road	11,000	New
3 140 2082 1	UMZINTO GOLDEN VALE RD	709,431	New
3 140 2084 1	Umzinto Monkey Road	2,636	New
3 140 2085 1	Shayamoya Myeza Lane	33,355	New
3 140 2086 1	Esperenza	1,435,111	New
3 140 2089 1	Umzinto Alexandra Cresent	998,116	New
3 140 2231 1	BELIM HOUSE - UMZINTO	81,584	New

UMDONI MUNICIPALITY
Jewel of the South Coast

CAPITAL EXPENDITURE INCLUDING MIG (NEW ASSETS PROGRAMME AND UPGRADE OR RENEWAL PROGRAMME)

VOTE NO.	VOTE DESCRIPTION	TOTAL EXPENDITURE	NEW/RENEWAL/ UPGRADE
TOTAL : DISASTER MANAGEMENT		8,102,219	
TOTAL : TECHNICAL SERVICES		27,309,633	
DEPARTMENT: FINANCIAL SERVICES			
VOTE 200: ADMINISTRATION			
3 200 1930 1	Printer (Debt Recovery)	1,785	New
3 200 1974 1	Built-in Cupboards	32,375	New
3 200 1977 1	Binding Machine	3,379	New
3 200 2137 1	Visitor Chairs	1,996	New
3 200 2413 1	BIOMETRIC SCANNER	10,952	New
TOTAL : ADMINISTRATION		50,487	
TOTAL : FINANCIAL SERVICES		50,487	
DEPARTMENT: COMMUNITY SERVICES			
VOTE 150: LIBRARIES			
SCOTTBURGH			
3 150 2337 1	Computer Sreens x3	3,192	New
3 150 2252 1	COMPUTER	59,030	New
3 150 2274 1	BURGLAR GUARDS - SCOTTBURGH LI	37,665	New
3 150 2409 1	ALARM FOR SCOTT LIBRARY	8,876	New
UMZINTO			
3 150 1894 1	Laminator	980	New
3 150 2334 1	Wooden Trolleys x2	1,580	New
3 150 2335 1	Lockup Stationery Cupboards	1,790	New
MALANGENI			

APPENDIX M: CAPITAL EXPENDITURE – UPGRADE/ RENEWAL PROGRAMME

UMDONI MUNICIPALITY
Jewel of the South Coast

CAPITAL EXPENDITURE INCLUDING MIG (NEW ASSETS PROGRAMME AND UPGRADE OR RENEWAL PROGRAMME)

VOTE NO.	VOTE DESCRIPTION	TOTAL EXPENDITURE	NEW/RENEWAL/ UPGRADE
3 150 1750 1	New Library PL	238,973	New
3 150 2336 1	Laminator	980	New
PENNINGTON			
3 150 1787 1	Office Chair	1,090	New
3 150 2146 1	Industrial Vacum Cleaner	1,800	New
SEZELA			
3 150 2338 1	Stainless Steel Airconditioner	9,430	New
3 150 2339 1	Office Table	1,790	New
3 150 2340 1	Kids Table and Chairs set	599	New
SHAYAMOYA			
3 150 2118 1	Alarm System	5,529	New
3 150 2141 1	Counter Chair	1,980	New
IFAFA			
3 150 2107 1	Wooden Folding Tables x3	2,760	New
3 150 2342 1	TV Stand	500	New
3 150 2404 1	Stainles Steel Airconditioners x2	9,430	New
TOTAL : LIBRARIES		387,974	
VOTE 320: COMMUNITY FACILITIES			
HALLS			
Scottburgh Town Hall			
3 320 2343 1	Single Gate - Court yard	6,800	New
3 320 2344 1	Double Expanding Style Gates x6	55,100	New
Amahlongwa Community Hall			
3 320 2345 1	40m Palisade Fencing	45,630	New

UMDONI MUNICIPALITY
Jewel of the South Coast

CAPITAL EXPENDITURE INCLUDING MIG (NEW ASSETS PROGRAMME AND UPGRADE OR RENEWAL PROGRAMME)

VOTE NO.	VOTE DESCRIPTION	TOTAL EXPENDITURE	NEW/RENEWAL/ UPGRADE
3 320 2346 1	Upgrade to outside Ablutions	33,000	Upgrade
Amandawe Community Hall			
3 320 2347 1	Upgrade to outside Ablutions	17,900	Upgrade
3 320 2348 1	Repairs to Parking Area	29,000	Renewal
Kwa-Cele Community Hall			
3 320 2349 1	300x Black Plastic Chairs	26,310	New
3 320 2107 1	20x Wooden Folding Tables	19,950	New
Umzinto Dinning Hall			
3 320 2350 1	1x Single Gate - Court Yard	6,850	New
Shayamoya Hall			
3 320 2351 1	10x Folding Tables	9,450	New
Malangeni Thusong Centre			
3 320 1761 1	3x Double Door Security Gates	30,500	New
3 320 2352 1	Palisade Fencing	98,684	New
3 320 2415 1	SECURITY GATE	20,000	New
Sport Fields			
3 320 2353 1	Palisade Fencing - Kwa-Cele	110,100	New
Cemeteries			
3 320 2354 1	Palisade Fencing -n Shayamoya	33,285	New
TOTAL : COMMUNITY FACILITIES		542,559	
VOTE 420: MOTOR VEHICLE LICENSING			
3 420 1754 1	Cashier Rotational Highback Chairs - UM	1,630	New
3 420 1956 1	Note Counter	2,100	New

APPENDIX M: CAPITAL EXPENDITURE – UPGRADE/ RENEWAL PROGRAMME

UMDONI MUNICIPALITY
Jewel of the South Coast

CAPITAL EXPENDITURE INCLUDING MIG (NEW ASSETS PROGRAMME AND UPGRADE OR RENEWAL PROGRAMME)

VOTE NO.	VOTE DESCRIPTION	TOTAL EXPENDITURE	NEW/RENEWAL/ UPGRADE
3 420 2176 1	Microwave	900	New
3 420 2220 1	DOT MATRIX PRINTER	1,990	New
VOTE 430: TRAFFIC/PROTECTION SERVICES			
3 430 1937 1	Office Notice Board	1,785	New
3 430 2176 1	Microwave	950	New
3 430 2356 1	Prolaser - Digital Speed Camera	171,053	New
3 430 2358 1	Municipal Pound	3,117	New
TOTAL : TRAFFIC /PROTECTION SERVICES		183,525	
VOTE 550: FIRE & RESCUE			
3 550 1923 1	Extra Heavy Duty Rescue Equipment	206,050	New
3 550 2120 1	Filing Cabinet	1,790	New
3 550 2361 1	Hooligan Tools x3	11,400	New
3 550 2362 1	Ceiling Hooks x2	7,800	New
3 550 2363 1	Vaccum Cleaner	1,800	New
TOTAL : FIRE & RESCUE		228,840	
VOTE 600: BEACHES			
3 600 2328 1	Wendy House for Lifeguards Pennington	21,900	New
3 600 2364 1	Aluminium Railing	33,688	New
3 600 2365 1	Marking of Campsite	52,415	New
3 600 2366 1	Security Gates	63,800	New
3 600 2367 1	Garage Doors	28,990	New
3 600 2369 1	Handcapped Facilities - R/Bay, Penningtor	170,000	New
3 600 2370 1	Ramp onto Pennington Beach	60,200	New
TOTAL : BEACHES		430,992	
VOTE 610: HOUSING			
3 610 2120 1	Filing Cabinets x2	3,580	New

UMDONI MUNICIPALITY
Jewel of the South Coast

CAPITAL EXPENDITURE INCLUDING MIG (NEW ASSETS PROGRAMME AND UPGRADE OR RENEWAL PROGRAMME)

VOTE NO.	VOTE DESCRIPTION	TOTAL EXPENDITURE	NEW/RENEWAL/ UPGRADE
VOTE 540: ENVIRONMENTAL MANAGEMENT			
3 540 1985 1	Digital Camera	5,016	New
3 540 2251 1	Computer	24,410	New
TOTAL : ENVIRONMENTAL MANAGEMENT		29,426	
VOTE 140: DISASTER REHABILITATION			
3 140 2013 1	Marine Drive South	414,545	New
3 140 2016 1	Fourth Street	90,886	New
3 140 2017 1	Park Rynie Stormwater	246,000	New
3 140 2001 1	David Avenue	214,164	New
3 140 2018 1	Alkins, across Main Road to Barnet Road	153,000	New
3 140 2023 1	Wright lane	12,298	New
3 140 2030 1	Cowry Drive	18,103	New
3 140 2033 1	Olive Road	105,413	New
3 140 2038 1	Road to Club Marina	360,477	New
3 140 2042 1	Colebrander Road	56,101	New
3 140 2043 1	Yellow Bill Kite Lane	13,136	New
3 140 2047 1	Ghandinagar	2,622,708	New
3 140 2055 1	Malangeni 5	43,984	New
3 140 2066 1	Malangeni 12	480,172	New
3 140 2080 1	Malangeni- Gobhozi Road	11,000	New
3 140 2082 1	UMZINTO GOLDEN VALE RD	709,431	New
3 140 2084 1	Umzinto Monkey Road	2,636	New
3 140 2085 1	Shayamoya Myeza Lane	33,355	New
3 140 2086 1	Esperenza	1,435,111	New
3 140 2089 1	Umzinto Alexandra Cresent	998,116	New
3 140 2231 1	BELIM HOUSE - UMZINTO	81,584	New

APPENDIX M: CAPITAL EXPENDITURE – UPGRADE/ RENEWAL PROGRAMME

UMDONI MUNICIPALITY
Jewel of the South Coast

CAPITAL EXPENDITURE INCLUDING MIG (NEW ASSETS PROGRAMME AND UPGRADE OR RENEWAL PROGRAMME)

VOTE NO.	VOTE DESCRIPTION	TOTAL EXPENDITURE	NEW/RENEWAL/ UPGRADE
TOTAL : BUILDING CONTROL		47,540	
VOTE 370: TOWN PLANNING			
3 370 1787 1	Chairs	1,398	New
TOTAL : TOWN PLANNING		1,398	
TOTAL :STRATEGIC DEVELOPMENT AND PLANNING		218,213	
TOTAL: CAPITAL BUDGET		29,895,688	

APPENDIX N

CAPITAL PROJECT IN 2013/14 FINANCIAL YEAR

PROJECTS

CAPITAL PROJECTS INCLUDING MUNICIPAL INFRASTRUCTURE GRANT PROJECTS

Umdoni Municipality has yet again been extremely successful at spending its full Municipal Infrastructure Grant allocation.

Project Name	Project Value
Umzinto Sports Field	R 4,730,000.00
Construction of Gqolweni Road in Amandawe	R 10,000,000.00
Upgrade of the D153 in Umzinto	R 16,600,000.00
Rural Roads Phase 1	R 27,500,000.00

CAPITAL PROJECTS :

Progress on projects:

1. MUNICIPAL INFRASTRUCTURE GRANT

1.1 Construction of Umzinto Sports Field

The project scope is the upgrade of the existing ablution block to contain: 2 changerooms with shower facilities, public toilets, toilets for disabled persons, ticket vendor, storeroom, offices, conference room and a viewing theater. The construction of a concrete seating pavilion and asphalted combination courts for basketball, netball and volleyball is also part of the scope of works. It is envisaged that the Umzinto Sports Field will become the central stadium for all major sporting events within Umdoni Municipality.

1.2 Construction of Gqolweni Road in Amandawe

The construction of Gqolweni Road with a bridge across the Amahlongwa River will link the communities of Amandawe and Amahlongwa. The entire project is a multi-year project with two phases. Phase 1 being the construction of the roads in Amandawe and Amahlongwa and Phase 2 being

the construction of the low level bridge over the Amahlongwa River. The project scope in Phase 1 is the formalization of 8 gravel roads in Amahlongwa and the extension of Gqolweni Road to the bridge at the Amahlongwa River. Mhkize Road in Amandawe will be extended to the bridge at the Amahlongwa River.

1.3. Upgrade of the D 153 in Umzinto

Umdoni Municipality is currently undertaking the new township development in Farm Isonti called the Umzinto Slums Clearance Project. The D 153 would be the main access route through the development and is being upgrade from gravel to asphalt. The project scope is the asphalting of 5km of road with all the necessary storm water facilities like concrete "V" drains, pipe crossings, manholes and all road furniture with applicable signage. This road will support vehicular traffic including buses and taxis.

1.4. Rural Roads Phase 1

This project involves the construction of gravel and portions of concreted access roads in Amahlongwa, Kwa-Cele and Malangeni. The roads will have a compacted gravel wearing surface with side and mitre drains, stormwater manholes, pipe crossings and where applicable, bank protection in the form of gabion baskets.

The following roads will form part of Phase 1:

- Blue Valley Access Road which is 1,5km in Olwasini
- KwaBhakajane Access Road which is 2,5km including a concreted section in Kwa-Cele
- Moyeni Access Road which is 1,7km in Amahlongwa
- Danyanga Access Road which 1km upgraded to concrete surface in Amahlongwa
- KwaMagwaza Access Road which is 3,9km in Malangeni
- KwaMdasha Access Road which is 4,7km in Malangeni

APPENDIX O
CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

CAPITAL EXPENDITURE BY PROJECT AND WARD FOR THE PERIOD ENDED 30 JUNE 2013

VOTE NO.	PROJECT	TOTAL EXPENDITURE	WARD
PROJECT MANAGEMENT UNIT			
3 320 2117 1	KwaCele Community Hall	73,815	2
3 500 2230 1	SHAYAMOYA SPORTSFIELD	219,816	10
3 500 2263 1	Umzinto Sportfield -MIG	2,536,649	6
3 510 2255 1	Gqolweni Road	3,546,976	1
3 510 2411 1	Humberdale Crematorium	85,539	10
3 520 2316 1	PR Industrial Park	1,168,002	10
3 520 2314 1	D 153	3,186,250	3
3 520 2416 1	UPGRADE-RURAL ROADS (MIG)	286,949	4
3 520 2418 1	D 153 - HOA	3,656,409	3
DISASTER REHABILITATION			
3 140 2013 1	Marine Drive South	414,545	5
3 140 2016 1	Fourth Street	90,886	10
3 140 2017 1	Park Rynie Stormwater	246,000	10
3 140 2001 1	David Avenue	214,164	5
3 140 2018 1	Alkins, across Main Road to Barnet Road	153,000	10
3 140 2023 1	Wright lane	12,298	10
3 140 2030 1	Cowry Drive	18,103	7
3 140 2033 1	Olive Road	105,413	5
3 140 2038 1	Road to Club Marina	360,477	7
3 140 2042 1	Colebrander Road	56,101	7
3 140 2043 1	Yellow Bill Kite Lane	13,136	7
3 140 2047 1	Ghandinagar	2,622,708	3
3 140 2055 1	Malangeni 5	43,984	9
3 140 2066 1	Malangeni 12	480,172	9
3 140 2080 1	Malangeni- Gobhozi Road	11,000	8
3 140 2082 1	UMZINTO GOLDEN VALE RD	709,431	6
3 140 2084 1	Umzinto Monkey Road	2,636	6
3 140 2085 1	Shayamoya Myeza Lane	33,355	10
3 140 2086 1	Esperenza	1,435,111	3
3 140 2089 1	Umzinto Alexandra Cresent	998,116	3
3 140 2231 1	BELIM HOUSE - UMZINTO	81,584	6

APPENDIX P

SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

General Umdoni local municipality is cited as the best performing Municipality in terms of governance and finance issues; however there are challenges on services delivery matters, e.g roads and storm water. Electricity and Human Settlement s. this then provides a platform for opinion makers to criticize the Municipal without considering the positive aspects.

The currents status quo in Service Delivery Backlog for resources or services, where other spheres of government are responsible is as follows:

1. ROADS AND STORMWATER

Our road network is made-up by 530km gravel road and 250km asphalt. The roads are currently deteriorating because of their life-span.

• Major periodic maintenance is required on all road and 250km asphalt. The roads are currently maintained by Department of Transport.

2. ELECTRICITY

It should also be noted the Municipality is not an Electricity Authority, but the responsibility lies with Eskom to ensure for the provision of electricity. The areas of major concern are as follows:-

• Energising : the municipality relies greatly on Eskom to ensure that electricity poles are removed, replaced and energising timeously when developing new towns/ communities or working on projects:

• The Municipality is at a backlog of 9% in terms of electrification projects with the challenge of Illegal connections boosting the percentage:

• Streetlight repairs and maintainence.

The Municipality has engaged with Eskom on numerous accessions to address these issues a. a Service Provider has been appointed to manage this situation and address all problems efficiently and timeously. The community has also been informed on progress herein.

3. WATER & SANITATION

Water and Sanitation is one of the main functions of our District Municipality: Ugu. Currently there is a major backlog in provision of sanitation in informal settlements. Major concerns have also been noted in the supply of water during peak season.

4. HUMAN SETTLEMENTS

• Human Settlements- Various projects are currently underway. The major challenges are that of land Ownership and Contractor Performance.

Umdoni Municipality has since prioritised in ensuring Sustainable Housing, Rural Development, Economic Development and Roads through its Integrated Development Plan.

APPENDIX Q
DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

REFER TO APPENDIX A AND APPENDIX E OFTHE ANNUAL FINANCIAL STATEMENTS

APPENDIX R
NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	**Progress to date**	**Number or Percentage Achieved**
Output: Improving access to basic services	Free basic and indigent support services continued for the year under review.	
Output: Implementation of the Community Work Programme	Performed by the Special Programmes section within the municipality.	
Output: Deepen democracy through a refined Ward Committee model	The municipality has an established and fully functional ward committee model.	10 wards
Output: Administrative and financial capability	The municipality has a Finance and Administration Committee and we are contstantly improving the administrative and financial capability of the municipality.	

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

UMDONI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Statement of Financial Position as at 30 June 2013

	Notes	2013 R	2012 R
NET ASSETS AND LIABILITIES			
Net assets			
Accumulated surplus	1/2	580,744,308	581,341,360
		580,744,308	**581,341,360**
Non-current liabilities			
Long term liabilities	3	7,778	22,988
Provision for post retirement medical benefits	4	20,856,599	19,204,607
Provision for long service awards	5	1,267,702	1,239,971
Provision for refuse site rehabilitation	6	3,019,958	3,137,488
Finance lease liability	11	286,742	-
Provision for staff leave	16	5,204,077	5,293,673
		30,642,856	**28,898,727**
Current liabilities			
Current portion of long term liabilities	3	9,594	1,414,501
Current portion for provision for post retirement medical benefits	4	563,820	512,400
Current portion for provision for long service awards	5	321,315	131,148
Operating lease liability	10	-	3,191
Current portion of finance lease liability	11	145,753	-
Unspent conditional grants and receipts	9	25,560,908	34,666,699
Accounts Payable from exchange transactions	8	27,564,386	31,293,955
Cash and cash equivalents	21	-	819,783
		54,165,776	**68,841,677**
TOTAL NET ASSETS AND LIABILITIES		**665,552,940**	**679,081,765**
ASSETS			
Non-current assets			
Property, plant and equipment	12/45	520,640,280	517,593,173
Investment property	13	16,677,506	16,934,045
Intangible assets	14	117,398	120,479
Heritage assets	15	261,013	261,013
		537,696,198	**534,908,711**
Current assets			
Inventory	17	30,094	66,192
Operating lease asset	10	125,213	38,016
Consumer receivables	18	32,814,682	32,232,951
Other receivables	19	5,079,009	33,510
VAT	20	3,676,102	5,667,223
Cash and cash equivalents	21	86,131,643	106,135,163
		127,856,742	**144,173,055**
TOTAL ASSETS		**665,552,940**	**679,081,765**

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

UMDONI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Statement of Financial Performance
For the year ended 30 June 2013

	Notes	Actual 2013 R	Actual 2012 R
REVENUE			
Revenue from Non Exchange Transactions			
Property rates	22	62,049,510	52,471,539
Property rates - penalties and collection charges		1,611,070	1,953,711
Fines		1,024,191	1,159,345
Licences and permits		2,689,451	5,677,587
Government grants and subsidies	24	57,114,081	87,211,837
Decrease in provision for refuse site rehabilitation	6	117,530	-
Revenue from exchange transactions			
Service charges	23	7,267,425	6,470,180
Rental of facilities and equipment		4,514,542	4,581,771
Interest earned		4,763,231	7,709,598
Other income	25	8,912,459	7,720,207
TOTAL INCOME		**150,063,490**	**174,955,775**
EXPENDITURE			
Employee related costs	26	55,070,591	53,457,195
Remuneration of Councillors	27	5,359,310	5,070,394
Depreciation	13/14/45	21,385,792	14,584,397
Repairs and maintenance		8,468,661	6,550,532
Interest paid	28	13,523	91,786
Contracted services	31	15,421,955	13,453,456
General expenses	32	35,117,597	30,167,966
Contributions to Provisions	29	5,942,183	9,338,265
Contribution to provision for refuse site rehabilitation	6	-	645,438
TOTAL EXPENDITURE		**146,779,612**	**133,359,429**
SURPLUS FOR THE YEAR		**3,283,878**	**41,596,346**

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

UMDONI MUNICIPALITYANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Statement of Changes in Net Assets as at 30 June 2013

	Notes	Accumulated surplus/ (deficit)
		R
2012		
Balance at 1 July 2011		490,745,348
Surplus for the year		41,113,528
Assets disposals related to housing operating account		-960,229
Fair Valuation of Assets		658,384
Prior year adjustments		2,995
Prior year adjustments PPE	38.1	9,364,750
Prior year adjustments investment property	38.1	3,798,091
Prior year adjustments Heritage Assets	38.1	170,000
Prior Year adjustments Grants	38.2	35,555,652
Prior Year adjustments Operating leases	38.3	34,826
Transfers (write-offs) against appropriation		858,015
		581,341,360
Balance at 30 June 2012		
2013		
Balance at 01 July 2012		581,341,360
Surplus for the year		150,076
Assets disposals related to housing operating account	45	-912,219
Fair valuation of assets	45	215,088
Transfers (write-offs) against appropriation		-49,998
Balance at 30 June 2013		**580,744,308**

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

UMDONI MUNICIPALITYANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Cash Flow Statement
as at 30 June 2013

	Notes	2013 R	2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from / (utilised in) operations	33	5,977,453	15,460,865
Interest received		4,763,231	7,709,598
Interest paid		-13,523	-91,786
Net Cash from / (utilised in) operating activities		**10,727,161**	**23,078,677**
CASH FLOWS FROM / (UTILISED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-29,866,746	-74,855,115
Purchase of Investment Property		-	-
Purchase of Intangible Assets		-28,942	-
Proceeds on disposal of property, plant and equipment			98,920
CASH (UTILISED IN) / GENERATED FROM INVESTING ACTIVITIES		**-29,895,688**	**-74,756,195**
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans (repaid) /raised		-15,210	-1,244,767
Net cash generated from / (utilised in) financing activities		**-15,210**	**-1,244,767**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**-19,183,737**	**-52,922,285**
Cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	21	105,315,380	158,237,665
Cash and cash equivalents at the end of the year	21	86,131,643	105,315,380
		-19,183,737	**-52,922,285**

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

UMDONI MUNICIPALITY
Statement of Comparison of Budget and Actual Information
as at 30 June 2013

	Original Budget	Virement (i.t.o. Council approved policy)	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) 1	Virement (i.t.o. Council approved policy)	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) 2	Virement (i.t.o. Council approved policy)	Final budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Explanation for unauthorised expenditure (refer to note 37 for further info)
Financial Performance												
Property rates	63,542,303		376,950		-2,609,987		61,309,266	62,049,510	740,244	101%	98%	
Property rates -Penalties	1,500,000		300,000		-1,520,000		280,000	1,611,070	1,331,070	575%	107%	
Service charges - Refuse Removal	7,530,000		-37,356		-308,809		7,183,835	7,267,425	83,590	101%	97%	
Rental of facilities and equipment	4,012,922		3,478		-176,900		3,839,500	4,514,542	675,042	118%	113%	
Interest Earned	2,000,000		1,500,000		1,000,000		4,500,000	4,763,231	263,231	106%	238%	
Fines and Penalty Income	1,410,000		30,000		-678,000		762,000	1,024,191	262,191	134%	73%	
Licences and permits	5,975,288		-2,080,000		-886,400		3,008,888	2,689,451	-319,437	89%	45%	
Transfers recognised - operational	33,075,150		3,337,336		-953,795		35,458,691	34,542,193	-916,498	97%	104%	
Other own revenue	7,215,707		-232,512		1,192,863		8,176,058	9,029,989	853,931	110%	125%	
Total Revenue (excluding capital transfers and contributions)	**126,261,370**		**3,197,896**		**-4,941,028**		**124,518,238**	**127,491,602**	**2,973,364**	**102%**	**101%**	
Employee Related Costs	56,108,626	100,000	-440,510	57,245	-962,659		54,862,702	55,070,591	207,889	100%	98%	
Remuneration of Councillors	5,624,527		-189,527		-125,000		5,310,000	5,359,310	49,310	101%	95%	
Depreciation	14,950,000		-		-		14,950,000	21,385,792	6,435,792	143%	143%	Due to capitalisation of buildings and roads not previously on the FAR, depreciation expense increased substantially
Repairs and maintenance	8,568,000	-108,000	1,386,081	157,775	-1,230,989	-361,000	8,411,867	8,468,661	56,794	101%	99%	
Interest paid	1,000,000		-981,000		-		19,000	13,523	-5,477	71%	1%	
Contracted services:	14,486,800	471,000	368,666	-246,500	338,061	27,500	15,445,527	15,421,955	-23,572	100%	106%	
General expenses:	29,745,067	-463,000	3,360,610	31,480	-1,254,197	333,500	31,753,460	35,117,597	3,364,137	111%	118%	Due to flooding experienced in December 2012, certain roads were impaired
Contributions	10,788,200		-304,422		-1,706,244		8,777,534	5,942,183	-2,835,351	68%	55%	
Total Expenditure	**141,271,220**	**-**	**3,199,898**	**-**	**-4,941,028**	**-**	**139,530,089**	**146,779,612**	**7,249,523**	**105%**	**104%**	
Surplus/(Deficit)	**-15,009,850**						**-15,011,851**	**-19,288,010**	**-4,276,159**			
Transfers recognised - capital	15,012,850						15,012,850	22,571,888	7,559,038	150%	150%	
Contributions recognised - capital & contributed assets							-					
Surplus/(Deficit) after capital transfers & contributions	**3,000**						**999**	**3,283,878**	**3,282,879**	**328865%**	**#DIV/0!**	
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	16,047,850		15,677,728		-110,531		31,615,047	23,946,173	-7,668,874	76%	149%	
Public contributions & donations	-						-					
Borrowing	4,500,000		-4,500,000				-					
Internally generated funds	6,938,200		615,993		-715,120		6,839,073	5,949,516	-889,557	87%	86%	
Total sources of capital funds	**27,486,050**		**11,793,721**				**38,454,120**	**29,895,689**	**-8,558,431**	**78%**	**109%**	
Cash flows												
Cash/cash equivalents at the beginning of the year	1,640,305						10,142,853	105,315,380	95,172,527	1038%	6420%	
Net cash from (used) operating	24,041,889						16,091,016	10,727,161	-5,363,855	67%	45%	
Net cash from (used) investing	-25,486,050						-25,708,207	-29,895,688	-4,187,481	116%	117%	
Net cash from (used) financing	3,600,000						-	-15,210	-15,210	#DIV/0!	0%	
Cash/cash equivalents at the year end	**3,796,144**		**-**				**525,662**	**86,131,643**	**85,605,981**	**16385%**	**2269%**	

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

UMDONI MUNICIPALITYANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Accounting Policies
for the year ended 30 June 2013

1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005

GRAP 20 Related Party Disclosures (Revised)

GRAP 25 Employee Benefits - issued December 2009

GRAP 105 Transfers between entities under common control - issued November 2010

GRAP 106 Transfers between entities not under common control - issued November 2010

GRAP 107 Mergers - issued November 2010

The Minister of Finance annouced that the application of GRAP 21, GRAP 23, GRAP 24, GRAP 26, GRAP 103 and GRAP 104 will be effective for period starting after 1 April 2012. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

1.1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2013 the municipality has adopted the accounting framework as set out in point 1 above except as excluded by the applicable Directives. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the change:

(a) is required by a Standard of GRAP; or

(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions. on the performance or cash flow.

1.2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognized in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy 10 on *Revenue from Exchange Transactions* and Accounting Policy 11 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgment, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: *Revenue from Exchange Transactions* and GRAP 23: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgment by management. Accounting Policy 6.1 on Financial Assets Classification and Accounting Policy 6.2 on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

1.2.3 Impairment of Financial Assets

Accounting Policy 6.4 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: *Financial Instruments* and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

1.2.4 Useful lives of Property, Plant and Equipment

As described in Accounting Policy 3, the municipality depreciates over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

1.2.5 Impairment: Write down of Property, Plant and Equipment and Inventories

Significant estimates and judgments are made relating to PPE impairment tests and where relevent write down of Inventories to Net Realizable Values.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-Cash generating Assets.

1.2.6 Defined Benefit Plan Liabilities

As described in Accounting Policy 18, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 5 to the Annual Financial Statements.

1.3 PRESENTATION OF CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Accounting Policies
for the year ended 30 June 2013

1.4 GOING CONCERN ASSUMPTION

The annual financial statements are prepared on a going concern basis.

2 HOUSING DEVELOPMENT FUND

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area.

3 PROPERTY, PLANT AND EQUIPMENT

The municipality has complied with the relevant standards relating to the measurement and recognition of Property, Plant and Equipment after taking into consideration the various guidance's and best practices issued in relation to the above.

3.1 Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognized at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality.

When significant components of an item of property, plant and equipment have different useful lives at the description of management, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Accounting Policies
for the year ended 30 June 2013

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

3.2 Subsequent measurement

Subsequent expenditure relating to property, plant and equipment is capitalized if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalized when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognizes the part of the asset being replaced and capitalizes the new component.

Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or forgone is included in surplus or deficit when the compensation becomes receivable.

3.3 Depreciation

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.
The following average rates of depreciation are used per category

Category of Asset	Years
Cemeteries	30
Computer Equipment	5
Dwellings	30
Electricity	25-30
Furniture and office equipment	5-15
Machinery and equipment	4-15
Non residential structures	30
Stormwater	40-50
Roads municipal asphalt surface	20
Roads municipal asphalt basis	50
Roads municipal concrete surface	30
Roads municipal concrete basis	50

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Accounting Policies
for the year ended 30 June 2013

Roads municipal gravel surface	10
Kerb and channels	50
Retaining walls	60
Pedestrian footpaths	30
Street lighting	35
Traffic signs	15
Landfill Site	55
Transport assets	7-15

3.4 Work in Progress

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

3.5 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality.

3.6 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3.7 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

4 Investment Property

4.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Accounting Policies
for the year ended 30 June 2013

4.2 Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The usefull lives per category of investment property are detailed below:

Asset	Useful life
Investment property	7

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4.3 Work in Progress

Investment property under construction are recognised as investment proprerty during construction. Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

4.4 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal

5 INTANGIBLE ASSETS

5.1 Initial Recognition

Identifiable non–monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

5.2 Subsequent Measurement - Cost Model

After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

The usefull lives per category of intangible assets are detailed below:

Asset	Useful life
Software	3

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

5.3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

6 HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

6.1 Initial Recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.
Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

6.2 Subsequent Measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.
Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

6.3 Derecognition

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.
Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

7 FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement . The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value methods and assumptions

The fair values of financial instruments are determined as follows:

The fair values of quoted investments are based on current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Accounting Policies
for the year ended 30 June 2013

7.1 Financial Assets - Classification

A financial asset is any asset that is a cash or contractual right to receive cash.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Financial asset at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Financial assets measured at fair value are financial assets that meet either of the following conditions:
(a) derivatives;
(b) combined instruments that are designated at fair value
(c) instruments held for trading.
(d) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
(e) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial assets measured at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset
Short-term Investment Deposits – Financial asset at amortised cost
Bank Balances and Cash – Financial asset at amortised cost
Long-term Receivables – Financial asset at amortised cost
Consumer Debtors – Financial asset at amortised cost
Other Debtors – Financial asset at amortised cost
Investments in Fixed Deposits – Financial asset at amortised cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: Financial asset at amortised cost.

7.2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

Accounting Policies
for the year ended 30 June 2013

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial liabilities may be measured at:
Financial liabilities measured ar fair value or
Financial liabilities measured at amortised cost
Financial liabilities measured at cost

The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:
Type of Financial Liabilities
Long term Liaibilities - Financial liability at amortised cost
Other Creditors - Financial liability at amortised cost
Bank overdraft - Financial liability at amortised cost
Short-term Loans - Financial liability at amortised cost
Current portion of Long-Term Liabilities - Financial liability at amortised cost

Financial liabilities that are measured at fair value financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives)

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

7.3 Initial and Subsequent Measurement

Financial Assets:

Financial asset at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis.

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to Municipality entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as Financial asset at amortised cost.

Financial Assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

Financial Liabilities:

Financial liabilities measured at fair value

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Financial Liabilities measured at amortised cost

Any other financial liabilities are classified as "Other financial liabilities" (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

7.4 Impairment of Financial Assets

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Financial assets carried at amortised cost

Accounts receivables encompassess long term debtors, consumer debtors and other debtors.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial. Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets carried at amortised cost with the exception of consumer debtors, where the carrying amount is reduced through the use of an allowance account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

UMDONI MUNICIPALITYANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Accounting Policies
for the year ended 30 June 2013

Impairment of Financial Assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

7.5 Derecognition

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

8 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

8.1 Credit Risk

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

8.2 Liquidity Risk

-A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
-Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
-A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 41.2 to the annual financial statements.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Accounting Policies
for the year ended 30 June 2013

9 INVENTORIES

9.1 Initial recognition

Inventories comprise of consumable stores. Inventories are recognized at weighted average. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

9.2 Subsequent measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realizable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Redundant and slow-moving inventories are identified and written down from cost to net realizable value with regard to their estimated economic or realizable values and sold by public auction. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognized in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realizable value or current replacement cost is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognized as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalization to the cost of another asset.

10 REVENUE RECOGNITION

10.1 General

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities.

The municipality recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Accounting Policies
for the year ended 30 June 2013

11 REVENUE FROM EXCHANGE TRANSACTIONS

11.1 Service Charges

Service charges relating to refuse removal are recognized on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

11.2 Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognized at the point of sale.

11.3 Finance income

Interest earned on investments is recognized in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

11.4 Tariff charges

Revenue arising from the application of the approved tariff of charges is recognized when the relevant service is rendered by applying the relevant authorized tariff. This includes the issuing of licenses and permits.

11.5 Income from Agency services

Income for agency services is recognized on a monthly basis once the income collected on behalf of agents has been quantified. The income recognized is in terms of the agency agreement.

11.6 Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

11.7 Rentals

Revenue from the rental of facilities and equipment is recognized on a straight-line basis over the term of the lease agreement.

12 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

12.1 Rates and Taxes

Revenue from property rates is recognized in terms of the Municipal Property Rates Act and the Municipal Rates Policy.
Revenue from property rates is recognised when the legal entitlement to this revenue arises.

12.2 Fines

Fines constitute both spot fines and summons. Revenue from spot fines and summons is recognized when payment is received.

12.3 Public contributions

Revenue from public contributions is recognized when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognized.

12.4 Other Donations and Contributions

Donations are recognized on a cash receipts basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

12.5 Revenue from Recovery of Unauthorized, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorized, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognized when the recovery thereof from the responsible councilors or officials is virtually certain. Such revenue is based on legislated procedures.

13 GOVERNMENT GRANTS AND RECEIPTS

Income received from conditional grants, donations and funding are recognized as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognized. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognized in the Statement of Financial Performance in the period in which they become receivable. VAT reclaimed from SARS has been recognised as revenue in accordance with MFMA Circular 48. Such recognition has been limited to the balance available in the grant

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

14 PROVISIONS

Provisions are recognized when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognized for future operating losses.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognized in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognized only when the following criteria over and above the recognition criteria of a provision have been met:
(a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

15 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value unless the purpose and nature of such investments are for capital appreciation purposes and not held for operational activities as deemed by management.

Cash and cash equivalents in the cash flow statement comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Bank overdrafts are recorded at the current value of the utilization of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred.

16 UNAUTHORIZED EXPENDITURE

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).
All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Accounting Policies
for the year ended 30 June 2013

17 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies as deemed by the Accounting Officer. Irregular expenditure excludes unauthorized expenditure.
Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain as deemed by the Accounting Officer and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance.

The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

19 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits.

19.1 Defined Benefit Plans

19.1.1 Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

19.1.2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

19.2 Defined Contribution Plans

UMDONI MUNICIPALITYANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Accounting Policies
for the year ended 30 June 2013

The municipality provides retirement benefits for its employees. Contributions are made to the Kwa-Zulu Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits.

Contributions are charged as an expense in the Statement of Financial Performance in the year that they become payable.

The funds are actuarially valued every three years using the discounted cash flow method.

20 DEPOSITS

Deposits received by the municipality are in terms of the approved tariff of charges by Council. These mainly relate to the use of community facilities and verge deposits, amongst others

Unidentified Direct Deposits relate to deposits made by the public into the municipality's bank account, which due to a lack of information made during the deposit process, cannot be traced to the relevant debtor. A register is maintained for all Unidentified Direct Deposits. Should all attempts prove fruitless in the identification of the relevant debtor and the amount remains unclaimed by the debtor after a time lapse of two years has occurred, these values are transferred to accumulated surplus.

21 OPERATING AND FINANCE LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalized at their cash cost equivalent. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognized as an expense in the statement of financial performance.

22 BUDGET COMPARATIVES

The annual budget figures have been prepared in accordance with the GRAP 24 standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The annual budget figures included in the financial statements are for the Municipality. These figures are those approved by the Council at the beginning and during the year. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2012 to 30 June 2013.

23 PRIOR YEAR ADJUSTMENTS

Restatements are effected to prior period comparatives resulting in the reclassification of prior period disclosure when the presentation or classification of items in the annual financial statements is amended. The nature and reason for the reclassification are disclosed.

24 VALUE ADDED TAXATION

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Accounting Policies
for the year ended 30 June 2013

The municipality is registered with SARS for VAT on the cash basis in accordance with Section 15(2)(a) of the Value Added Tax Act, No. 81 of 1991.

25 EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

26 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

UMDONI MUNICIPALITYANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013	2012
		R	R
1	ACCUMULATED SURPLUS		
	The following internal funds and reserves are ring-fenced within the accumulated surplus:		
	- Accumulated surplus due to the results of operations	560,453,379	557,004,410
	- Housing Operating Account	20,290,929	24,336,950
	Total Accumulated Surplus	**580,744,308**	**581,341,360**

The following illustrates the detail on the movement of internal funds and reserves during the financial period:	Housing Operating Account R	Accumulated Surplus/(Deficit) due to results of operations R	Total Accumulated Surplus /(Deficit) R
2012			
Balance at 1 July 2011	**25,779,997**	**464,965,351**	**490,745,348**
Surplus for the year	-482,818	41,596,346	41,113,528
Assets disposals related to housing operating account	-960,229		-960,229
Fair Valuation of Assets		658,384	658,384
Prior year adjustments		2,995	2,995
Prior year adjustments PPE		9,364,750	9,364,750
Prior year adjustments investment property		3,798,091	3,798,091
Prior year adjustments Heritage Assets		170,000	170,000
Prior Year adjustments Grants		35,555,652	35,555,652
Prior Year adjustments Operating leases		34,826	34,826
Transfers (write-offs) against appropriation		858,015	858,015
Balance at 30 June 2012	**24,336,950**	**557,004,410**	**581,341,360**
2013			
Balance at 01 July 2012	**24,336,950**	**557,004,410**	**581,341,360**
Surplus for the year	-3,133,802	3,283,878	150,076
Assets disposals related to housing operating account	-912,219		-912,219
Fair valuation of assets		215,088	215,088
Transfers (write-offs) against appropriation		-49,998	-49,998
Balance at 30 June 2013	**20,290,929**	**560,453,379**	**580,744,308**

Refer to note 39 for detail on prior year adjustments

2	HOUSING DEVELOPMENT FUND		
	The Housing Development Fund contain all proceeds from housing developments, which include rental income and sales of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.		
	Housing Development Fund	**20,290,929**	**24,336,950**

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013	2012
		R	R
	The Housing Development Fund is represented by the following assets and liabilities:		
	- Housing Fixed Assets	6,904,670	7,816,888
	- Housing Rental Receivables	7,632,397	8,346,521
	- Investments - External	5,340,679	7,755,714
	- Bank and Cash	413,183	417,827
	Total Housing Development Fund Assets and Liabilities	**20,290,929**	**24,336,950**
3	**LONG TERM LIABILITIES**		
	Long term Loans	-	889,694
	Annuity loans	17,372	547,795
	Total External loans	**17,372**	**1,437,489**
	LESS : Current portion transferred to current liabilities (Refer to appendix A for more detail)	-9,594	-1,414,501
	Total long-term liabilities	**7,778**	**22,988**
	Long term loans are repaid over 20 years and at interest rates of 13.72% per annum. Long term loans are not secured.		
	The municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been re-negotiaited by the municipality.		
4	**PROVISION FOR POST RETIREMENT MEDICAL BENEFITS**		
	Post-Employment Health Care Benefit Liability	21,420,419	19,717,007
	Total: Post Retirement Medical Aid Benefit Liability	21,420,419	19,717,007
	Less: Transfer to Current Provisions	-563,820	-512,400
	Net Post-Employment Health Care Benefit Liability	**20,856,599**	**19,204,607**
	The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.		
	The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2013 by a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement benefits are provided by the municipality.		
	The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	- In-service members	156	161
	- Continuation members	22	23
	Total	178	184

Notes to the Annual Financial Statements
for the year ended 30 June 2013

	2013	2012
	R	R
The liability in respect of past service has been estimated to be as follows:		
- In-service members	14,463,089	13,123,931
- Continuation members	6,957,330	6,593,076
	21,420,419	19,717,007
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
- Bonitas		
- Global Health		
- LA Health		
- Samwumed		
The future service cost for the ensuing year is established to be R 1,279,954 whereas the interest-cost for the next year is estimated to be R 1,878,841 (2013: R 1,241,157 and R 1,557,297 respectively)		
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount rate	8.89%	8.00%
Health Care Cost Inflation Rate	7.73%	6.98%
Net Effective Discount Rate	1.07%	1%
Expected Retirement Age - Females	55	55
Expected Retirement Age - Males	55	55
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	21,420,419	19,717,007
Benefit Liability	21,420,419	19,717,007
The amount recognised in the Statement of Financial Performance under employee related costs are as follows:		
Current service cost	1,241,157	1,118,332
Interest cost	1,557,297	1,396,862
Acturial (gain)/loss recognised	-560,568	1,404,861
	2,237,886	3,920,055
The movement in the defined benefit obligation over the year is as follows:		
Balance at beginning of year	19,717,007	16,292,516
Current service cost	1,241,157	1,118,332
Interest cost	1,557,297	1,396,862
Benefits paid	-534,474	-495,562
Recognised actuarial (gain)/loss	-560,568	1,404,859
Balance at end of year	21,420,419	19,717,007

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

	2013	2012
	R	R
The effect of a 1 % movement in the assumed rate of health care cost inflation is as follows:		
Increase		
Effect on the aggregate of the current service cost and the interest cost	3,705,400	1,592,600
Effect on the defined benefit obligation	24,434,000	15,396,000
Decrease		
Effect on the aggregate of the current service cost and the interest cost	2,717,300	1,235,200
Effect on the defined benefit obligation	18,935,000	11,278,000
The municipality expects to make a provision of R 2 798 454 (2012: R 2 515 194) to the defined benefit plans during the next financial year.		

The history of experienced adjustments are as follows:	2013	2012	2011	2010
	R	R	R	R
Present value of Defined Benefit Obligation	21,420,419	19,717,007	16,292,516	11,875,000
Deficit	21,420,419	19,717,007	16,292,516	11,875,000
Experienced adjustments on Plan Liabilities	-	-	-	-

5 PROVISION FOR LONG SERVICE AWARDS

Provision for Long Service Awards	1,589,017	1,371,119
Total Provision for Long Service Awards	1,589,017	1,371,119
Less: Transfer to Current Provisions	-321,315	-131,148
Net Long Service Awards liability	1,267,702	1,239,971

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Umdoni Municipality). The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2013 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2013 by a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.

The Long Service Awards plans are defined benefit plans. As at year end, 358 employees were eligible for Long Service Awards.

The future service cost for the ensuing year is estimated to be R 192,787 whereas the interest-cost for the next year is estimated to be R 82,680

Notes to the Annual Financial Statements
for the year ended 30 June 2013

	2013	2012
	R	R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount rate	6.85%	6.33%
Expected Rate of Salary Increase	6.62%	5.97%
Net Effective Discount Rate	0.21%	0.34%
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1,589,017	1,371,119
Net liability	1,589,017	1,371,119
The amount recognised in the Statement of Financial Performance under employee related costs are as follows:		
Current service cost	192,787	174,871
Interest cost	82,680	76,481
Actuarial loss/gain	96,254	225,707
Total included in Employee Related Costs	371,721	477,059
The movement in the defined benefit obligation over the year is as follows:		
Balance at beginning of year	1,371,119	1,092,938
Current service cost	192,787	174,871
Interest cost	82,680	76,481
Benefits paid	-153,823	-198,878
Actuarial (gain)/losses recognised	96,254	225,707
Balance at end of year	1,589,017	1,371,119
The effect of a 1% movement in the assumed rate of salary inflation is as follows:		
Increase		
Effect on the aggregate of the current service cost and the interest cost	292,895	265,943
Effect on the defined benefit obligation	1,669,000	1,447,000
Decrease		
Effect on the aggregate of the current service cost and the interest cost	259,629	238,070
Effect on the defined benefit obligation	1,515,000	1,301,000

	2013	2012	2011	2010
The history of experienced adjustments are as follows:	R	R	R	R
Present value of Defined Benefit Obligation	-1,589,017	-1,371,119	-1,092,928	-1,067,973
Deficit	-1,589,017	-1,371,119	-1,092,928	-1,067,973
Experienced adjustments on Plan Liabilities	-	-	-	-

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013	2012
		R	R
6	PROVISION FOR REFUSE SITE REHABILITATION		
	In terms of the licencing of the landfill refuse sites, Council will incur rehabilitation costs of R 3 million determined at present value, to restore the sites. Provision has been made for an amount based on the present value of cost.		
	The costs of rehabilitating the refuse site have been estimated by the Council' s external consulting engineers who control the operations carried out by the service provider. Council has to submit a rehabilitation plan to the Department of Water Affairs six months prior to closing the Site.		
	Opening balance	3,137,488	2,492,050
	Contribution to the Statement of Financial Performance	-117,530	645,438
	Closing balance	3,019,958	3,137,488
7	MULTI EMPLOYER RETIREMENT BENEFITS		
	Umdoni Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.		
	All full-time employees belong to the KwaZulu Natal Joint Municipal Pension Fund, which are made up by the Retirement, Superannuation and Provident Funds. Councillors have the option to belong to the Pension Fund for Municipal Councillors.		
	These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.		
	All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.		
	Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers. (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer. (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.		
	It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.		
	The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.		
	The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation. For both the Superannuation and Retirement Funds valuations making use of the Discontinuance Method Approach have been included as well.		
	DEFINED BENEFIT SCHEMES **Retirement Fund:** The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2012 by Arthur Els and Associates.		

	2013	2012
	R	R

The interim actuarial valuation performed as at 31 March 2012 revealed that the fund had a shortfall of R 251,2 (31 March 2011: shortfall of R 382,3) million, with a funding level of 90,6% (31 March 2011: 84,1%). The contribution rate, including the surcharges below, paid by the members (8,65%) and municipalities (29,00%) should be sufficient to eradicate the shortfall in the fund by 31 March 2015. However, the basic contribution payable is 4,72% less than the required contribution rate.

The actuarial shortfall is taken into account by determining surcharges, to be met by increased contributions. These surcharges amount to 17% of pensionable emoluments, of which 1,65% is payable by members and 15,85% is payable by the local authority

This surcharge is payable until 31 March 2015. It is necessary that the basic employer contribution be increased by 4,72% to 18,37% and the sucharge be increased to 17.5% and extended by a further 3 years to 31 March 2018. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 34.22% with effect from 1 July 2012 for a period of 8 years.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund.

Superannuation Fund:
The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2012 by Arthur Els and Associates.

The interim actuarial valuation performed as at 31 March 2012 revealed that the fund had a shortfall of R 270,0 (31 March 2011: shortfall of R 549,5) million, with a funding level of 96,0% (31 March 2011: 90,9%). The contribution rate paid by the members (9,25%) and municipalities (18,00%) is 3,63% (31 March 2013: 3,63%) less than the required contribution rate for future service and will be reviewed at the next interim valuation. The deficit in respect of active members is being met by a surcharge of 9,5% (31 March 2013 7,0%)of pensionable salaries. It was expected that the deficit will be fully funded by 2016.

This surcharge is payable until 31 March 2015. It is necessary that the basic employer contribution be increased by 4,72% to 18,37% and the sucharge be increased to 17,5% and extended by a further 3 years to 31 March 2018. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 31,13% with effect from 1 July 2012 for a period of 8 years.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund. It is intended that the Fund will merge with the Retirement Fund in the near future.

DEFINED CONTRIBUTION SCHEMES
Municipal Councillors Pension Fund:
The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2011.

The interim valuation performed as at 30 June 2011 revealed that the assets of the fund amounted to R 1 483,786 381 (30 June 2010: R 1 123,672 020) million. The contribution rate paid by the members (13.75%) and the municipalities (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

As reported by the Actuaries, the Fund was in a sound financial condition as at 30 June 2011.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013	2012
		R	R
	Provident Fund:		
	The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2012 by Arthur Els and Associates. The interim actuarial valuation performed as at 31 March 2012 revealed that the market value of the fund was R 1 288,3 (31 March 2011: R 1056,2) million. The contribution rate payable (either 5,00%, 7,00% or 9,25% by the member and 6,00%, 9,90% or 14,25% plus an additional 3,75% by the employer), is sufficient to cover the cost of benefits and expenses and the fund was certified to be in sound financial condition as at 31 March 2012.		
	None of the above mentioned plans are State Plans.		
8	ACCOUNTS PAYABLE FROM EXCHANGE TRANSACTIONS		
	Trade payables	7,731,289	10,325,153
	Deposits	966,032	727,311
	Payments received in advance	5,418,285	3,267,235
	Retention held	12,678,822	16,338,882
	Unidentified direct deposits	769,958	635,374
	Total Accounts Payable	**27,564,386**	**31,293,955**
	The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial policies in place to ensure that all payables are paid within the credit timeframe.		
	Deposits are paid by members of the community on application for the hire of community halls and facilities, as stipulated in the tariff of charges. The deposits are repaid when the use of the community halls/facilities are completed, and an inspection has been executed to ensure that the facilities hired have been restored to its original condition, and no damage to property has occurred. In cases where the condition of the facilities have not been restored to its original condition or damage to the No interest is paid on consumer deposits held.		
	Retention refers to monies retained by the municipality on construction work completed by the various suppliers throughout the duration of their contract. These monies are released to the upon progressive completion of their respective undertakings.		
9	UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
	Conditional Grants from other spheres of Government:		
	Provincial grants	5,413,200	4,751,189
	Ugu District Municipality	38,654	130,663
	National Treasury	20,109,054	29,776,232
	Other Grants	-	8,615
	Total Conditional Grants from other spheres of Government	**25,560,908**	**34,666,699**
	Refer to note 24 for further information of Government grants and subsidies		
10	OPERATING LEASES		
	Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:		
	Balance at beginning of year	38,016	33,954
	Operating Lease Revenue recorded	87,197	4,062

Notes to the Annual Financial Statements
for the year ended 30 June 2013

	2013 R	2012 R
Operating Lease Revenue effected	-	-
Total Operating Lease Receivables	**125,213**	**38,016**
Operating Leases are recognised on the straight-line basis as per the requirements of GRAP 13. In respect of Non-cancellable Operating Leases the following liabilities have been recognised:		
Balance at beginning of year	3,191	8,830
Operating Lease expenses recorded	-	-
Operating Lease payments effected	-3,191	-5,639
Total Operating Lease Liabilities	**-**	**3,191**
Operating Lease Receivables have been restated to adhere to the disclosure provisions of GRAP 13. Refer to Note 38.4 on "Change in Accounting Policy" for details of the restatement.		
The Municipality as lessee		
Leasing arrangements:		
At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Up to 1 year	232,649	323,180
2 to 5 years	529,440	160,214
More than 5 years	86,397	5,302
Total Operating Lease Arrangements	**848,486**	**488,696**
Included in the above mentioned operating lease payments are the following major classes of leases, which are only significant collectively:		
- Electronic equipment	802,348	339,702
- Vehicles	-	104,952
- Properties	46,138	44,042
	848,486	**488,696**
The Municipality as lessor		
Leasing arrangements:		
At the reporting date, the municipality had outstanding receipts in terms of operating leases, which will accrue as follows:		
Receivable within 1 year	1,792,735	2,835,066
Receivable within 2-5 years	7,481,786	1,295,828
Receivable after 5 years	1,320,262	225,180
Total Operating Lease Arrangements	**10,594,782**	**4,356,074**
Included in the above mentioned operating lease receivables are the following classe of assets, which are only significant collectively:		
- Land and buildings	10,594,782	4,356,074
	10,594,782	4,356,074
The following restrictions have been imposed on the municipality in terms of the lease agreements on		
(i) The equipment shall remain the property of the lessor.		
(ii) The lessee shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the		
(iii) The equipment shall be returned in good order and condition to the lessor upon termination of		
(iv) The municipality is obliged to enter into a maintenance agreement with the lessor for the		

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

	2013	2012
	R	R

11 FINANCE LEASES

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 3 years. The effective interest rate on Finance Leases is 8.5%.

The risks and rewards of ownership in respect of the Property, Plant and Equipment will transfer to the municipality at the conclusion of the agreement.

The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease	
	2013	2012	2013	2012
	R	R	R	R
Amounts payable under finance leases:				
Within one year	176,936		145,753	-
In the second to fifth years, inclusive	309,638		286,742	-
Over five years		-	-	-
	486,574	-	432,495	-
Less: Future Finance Obligations	54,079			
Present Value of Minimum Lease Obligations	**432,495**	**-**		

The municipality has finance lease agreements for the following significant classes of assets:

(i) Vehicles

- Installments are payable monthly in arrears	R 467,185
- Average period outstanding	35 Months
- Average effective interest rate, based on prime	8.50%
- Average monthly installment	R 14,744.67

12 PROPERTY, PLANT AND EQUIPMENT

No property, plant and equipment have been pledged to secure borrowings of the municipality

See also Note 45 for further detail.

13 INVESTMENT PROPERTY

Reconciliation of carrying value		
Carrying values at 01 July 2012	**16,934,045**	**16,937,407**
Cost	17,734,685	13,176,976
Cost	17,734,685	13,176,976
	-	
Accumulated depreciation	-800,640	-37,660
Based on cost	-800,640	-37,660

Notes to the Annual Financial Statements
for the year ended 30 June 2013

	2013	2012
	R	R
Adjustments from prior year	-	3,798,091
Cost	-	4,557,709
Revaluation	-	-759,618
Depreciation	-256,539	-3,362
Acquisitions		
Carrying values at 30 June 2013	**16,677,506**	**16,934,045**
Represented by		
Cost	17,734,685	17,734,685
Cost	17,734,685	17,734,685
Accumulated depreciation	-1,057,179	-800,640
Cost	-1,057,179	-800,640
Carrying values at 30 June 2013	**16,677,506**	**16,934,045**

Analysis of Investment Property represented at Cost:	Rand Value	Approx Rental Income pa
572 Park Rynie	11,000,000	90,000
1399 Scottburgh	6,656,496	2,092,800
1398 Scottburgh	78,188	642,812
	17,734,684	2,825,612

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

14 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

The movement in Intangible Assets is reconciled as follows:

Carrying values at 01 July 2012		
Cost	272,515	253,715
Cost	272,515	253,715
Accumulated depreciation	-152,036	-114,597
Based on cost	-152,036	-114,597
Acquisitions	28,942	18,800
Depreciation	-27,358	-37,438
Based on cost	-27,358	-37,438

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

	2013 R	2012 R
Carrying value of disposals	-4,665	-
Cost	-29,360	-
Accumulated depreciation	24,695	-
Carrying values at 30 June 2013	**117,398**	**120,479**
Represented by		
Cost	272,097	272,515
Cost	272,097	272,515
Accumulated depreciation	-154,699	-152,036
Cost	-154,699	-152,036
Carrying values at 30 June 2013	**117,398**	**120,479**

The amortisation expense has been included in the line item "Depreciation" in the Statement of Financial Performance.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

15 HERITAGE ASSETS

At Cost less Accumulated Impairment Losses	261,013	261,013
The movement in Heritage Assets is reconciled as follows:		
Carrying values	261,013	91,013
Cost	261,013	91,013
Adjustments from prior year	-	170,000
Cost	-	170,000
Carrying values	261,013	261,013
Cost	261,013	261,013

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

16 PROVISION FOR STAFF LEAVE

Balance at beginning of the year	5,293,673	4,899,541
Contributions to provision	1,215,121	918,214
Actual leave paid for the year	-1,304,718	-524,082
Balance at end of year	**5,204,077**	**5,293,673**

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013 R	2012 R
17	**INVENTORY**		
	Inventory represents:		
	Consumable stores	30,102	66,192
		30,102	**66,192**
	Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost.		
	No write downs of Inventory to Net Realisable Value were required.		
	No Inventories have been pledged as collateral for Liabilities of the municipality.		
18	**CONSUMER RECEIVABLES**		
	Revenue from Non Exchange Transactions		
	Rates	31,675,095	20,409,864
	Rates penalties and collection charges	6,352,806	7,296,907
	Revenue from Exchange Transactions		
	Refuse and penalties	3,719,388	3,246,003
	Housing	4,670,015	5,058,293
	Interest on housing	2,962,382	3,288,228
	Sundries	7,342,548	6,409,824
		56,722,234	45,709,119
	Less: Provision for bad debt	-17,554,746	-13,476,168
	Total Consumer Receivables	39,167,488	32,232,951
	Amounts written off as bad debts	3,114,172	3,354,999
	As a percentage of total operating revenue	2.08%	1.96%
	Ageing of Consumer Debt as follows:		
	Rates		
	Current (0 to 30 days)	2,234,199	860,012
	31 to 60 days	1,072,815	946,202
	61 to 90 days	986,620	812,321
	91 to 120 days	1,445,192	746,498
	121 days and over	19,583,374	17,047,900
		25,322,200	**20,412,933**
	Rates Penalties and collection charges		
	Current (0 to 30 days)	27,861	49,467
	31 to 60 days	9,700	8,013
	61 to 90 days	17,811	13,841
	91 to 120 days	40,371	18,598
	121 days and over	6,257,063	7,206,988
		6,352,806	**7,296,907**
	Housing		
	Current (0 to 30 days)	134,968	84,454
	31 to 60 days	31,590	35,210

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

	2013	2012
	R	R
61 to 90 days	28,688	33,492
91 to 120 days	40,210	27,826
121 days and over	4,321,604	4,630,958
	4,557,060	**4,811,940**
Interest on housing		
Current (0 to 30 days)	-	2,412
31 to 60 days	254	301
61 to 90 days	469	531
91 to 120 days	3,666	677
121 days and over	2,957,993	3,284,307
	2,962,382	**3,288,228**
Refuse and penalties		
Current (0 to 30 days)	352,545	87,874
31 to 60 days	157,694	149,819
61 to 90 days	141,198	127,409
91 to 120 days	140,060	125,061
121 days and over	3,292,479	3,082,367
	4,083,976	**3,572,530**
Sundries		
Current (0 to 30 days)	629,575	1,996,093
31 to 60 days	385,608	68,342
61 to 90 days	131,575	463,718
91 to 120 days	2,113,397	4,516
121 days and over	4,890,576	4,443,059
	8,150,731	**6,975,728**
Total consumer ageing	51,429,155	46,358,266
Less: Provision for bad debts	-17,554,746	-13,476,168
Less: VAT included in age analysis	-1,059,727	-649,147
Total Consumer Receivables	**32,814,682**	**32,232,951**
Reconciliation of Provision for Bad Debts on Consumer Receivables		
Balance at beginning of the year	13,476,169	12,808,232
Contributions to provision	7,192,750	4,022,935
Write offs against provision	-3,114,172	-3,354,999
Balance at end of year	17,554,746	13,476,168

Management has considered the effects of any impairment in the values of outstandings and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstanding debt.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013	2012
		R	R
19	OTHER RECEIVABLES		
	Sundry receivables	4,214	34,010
	Ugu District Municipality	5,075,295	5,075,295
		5,079,509	5,109,305
	Less: Provision for bad debt	-500	-5,075,795
	Total other receivables	5,079,009	33,510
	Reconciliation of Provision for Bad debt on Other receivables		
	Balance at beginning of the year	5,075,795	5,117,952
	Decrease in provision	-5,075,295	-
	Bad debts written off against provision	-	-42,157
	Balance at end of year	500	5,075,795
	Management have considered the effects of any impairment in the values of outstandings and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstandings receivables.		
20	VAT RECEIVABLE		
	VAT receivable	3,676,102	5,667,223
	VAT is payable on the cash basis. Only once payment has been received from receivables is VAT paid over to SARS.		
21	CASH AND CASH EQUIVALENTS AND OVERDRAFT		
	The Municipality has the following bank accounts:		
	The following primary bank account is maintained in terms of the Local Government: Municipal Finance Management Act:		
	Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 168 8		
	Current account:		
	Cash book balance at beginning of year	-819,783	-11,247,789
	Cash book balance at end of year	789,195	-819,783
	Bank statement balance at beginning of year	3,738,984	2,844,447
	Bank statement balance at end of year	2,128,812	3,738,984
	The following housing bank accounts are maintained in terms of memorandums of agreement with the Department of Housing:		
	Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 285 257 1		
	Malangeni Rural Housing Project K 03100018		
	Cash book balances at beginning of year	60,682	61,736
	Cash book balances at end of year	59,460	60,682
	Bank statement balances at beginning of year	60,682	61,736
	Bank statement balances at end of year	59,460	60,682

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

	2013 R	2012 R
Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 285 256 3		
Amahlongwa Rural Housing Project K 03100017		
Cash book balances at beginning of year	76,384	77,437
Cash book balances at end of year	75,167	76,384
Bank statement balances at beginning of year	76,383	77,437
Bank statement balances at end of year	75,166	76,383
Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 625 6		
Umzinto Slum Clearance Housing Project K 031 00019		
Cash book balances at beginning of year	192,434	190,237
Cash book balances at end of year	191,127	192,434
Bank statement balances at beginning of year	192,406	190,209
Bank statement balances at end of year	191,099	192,406
Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 619 1		
Sanathan Housing Project K 0310002		
Cash book balances at beginning of year	-	467
Cash book balances at end of year	-	-
Bank statement balances at beginning of year	-	467
Bank statement balances at end of year	-	-
Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 285 432 9		
Umdoni Municipality Housing Account		
Cash book balances at beginning of year	88,327	89,190
Cash book balances at end of year	87,429	88,327
Bank statement balances at beginning of year	88,328	90,881
Bank statement balances at end of year	87,429	88,328
Summary:		
Cash book balance at beginning of year	-401,956	-10,828,722
Cash book balance at end of year	1,202,378	-401,956
Bank statement balance at beginning of year	4,156,783	3,265,177
Bank statement balance at end of year	2,541,966	4,156,783
CASH ON HAND:		
Petty Cash	5,000	5,000
Floats	2,500	2,500
	7,500	**7,500**
Total Bank and Cash	**1,209,878**	**-394,456**
CALL ACCOUNTS		
Standard Bank of SA Ltd	23,469,349	47,039,055
Absa	12,957,790	12,376,087
Nedbank	34,004,101	32,391,843
First National Bank	14,490,525	13,901,664
Investec Bank	-	1,187
Total call accounts	**84,921,765**	**105,709,836**
Total Cash and Cash Equivalents	**86,131,643**	**106,135,163**

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013 R	2012 R
22	**PROPERTY RATES**		
	Actual income		
	Residential	59,218,216	49,493,260
	Agriculture	946,668	468,724
	Commercial and Other	13,748,904	9,350,990
	Less: Adjustments	-4,839,265	-1,346,471
	Less: Rebates	-7,025,012	-5,494,964
	Total assessment rates	**62,049,510**	**52,471,539**
	Property valuations	**9,869,495,652**	**7,460,234,300**
	Non rateable valuations	**185,022,348**	**138,497,000**
	The last general valuation for Umdoni came into effect on:	01 July 2012	01 July 2008
	Randages in terms of the Municipal Property Rates Act:		
	Residential	0.00787	0.00742
	Commercial, Business and Industrial	0.01053	0.00993
	Agricultural Property	0.00196	0.00185
	Public Service Infrastructure, Public Benefit Organisations	0.00200	0.00189
	Vacant Industrial, Commercial and Other	0.02079	0.02079
	Rebates on these rates are allowed on the following basis:		
	Special Residential (excluding vacant land)	75,000	75,000
	Vacant Property	15,000	15,000
	Disabled Persons, Pensioners, Indigent Persons as defined in the Indigent Policy	370,000	370,000
	Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2012. Interim valuations are processed on an continuous basis to take into account changes in individual property values due to alterations and subdivisions. Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.		
23	**SERVICE CHARGES**		
	Refuse removal	7,267,425	6,470,180
		7,267,425	**6,470,180**
	The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.		
24	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Operational Grants:		
	Equitable share	27,805,000	24,104,000
	Provincial Grants	5,135,412	9,412,757
	Provincial - Health	-	1,938,400
	Ugu District Municipality	86,660	371,094
	National Treasury	24,078,394	51,307,586

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013	2012
		R	R
	Old Mutual	8,615	78,000
	Total Government Grant and Subsidies recognised	**57,114,081**	**87,211,837**
	Refer to appendix F for the movement of all relevant grants		
	Refer to note 9 for information regarding unspent conditional grants		
25	**OTHER INCOME**		
	The amounts disclosed below for Other Revenue are in respect of services, other than described in Notes 22 to 24, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.		
	Building plan fees	173,691	344,809
	Development Levy	13,158	-
	Insurance recovery	181,175	19,684
	Inspections	85,046	115,296
	Shared Fire services income	2,464,311	1,401,333
	Plot clearing	13,333	62,118
	Rates certificates	148,808	130,835
	Signage	139,450	226,739
	Non refundable tender deposits	213,084	68,553
	Subdivisions, rezoning and town planning	27,754	38,654
	Reversal of Impairment Loss	-	3,915,144
	Loan Write-off (refer to note 3 and appendix A for further detail)	1,404,907	-
	Ugu Agency Fees	1,142,022	-
	Sale of goods	1,250,367	510,394
	Sundry Services	1,655,353	886,648
		8,912,459	**7,720,207**
26	**EMPLOYEE RELATED COSTS**		
	Salaries and allowances	40,670,862	39,658,997
	Contributions to UIF, pensions and medical aids	9,852,051	9,087,070
	Travel, motor car, accommodation, subsistence and other allowances	361,447	329,994
	Housing benefits and allowances	98,436	86,280
	Overtime payments	1,449,489	1,444,286
	Bonuses	2,638,306	2,850,568
		55,070,591	**53,457,195**
	Remuneration of the Municipal Manager (Jul-Feb)		
	Annual Remuneration	574,774	802,634
	Performance Bonus	47,081	88,765
	Leave Paid	133,080	-
		754,934	**891,399**
	Remuneration of the Municipal Manager (Mar-Jun)		
	Annual Remuneration	**291,426**	**-**
		291,426	

Notes to the Annual Financial Statements
for the year ended 30 June 2013

	2013	2012
	R	R
Remuneration of the Manager: Financial Services		
Annual Remuneration	723,794	620,099
Performance Bonus	30,705	69,468
Leave Paid	141,437	-
	895,936	**689,567**
Remuneration of the Previous Manager: Technical Services (Jul-Sep)		
Annual Remuneration	175,507	621,299
Performance Bonus	30,705	52,101
Leave Paid	93,838	-
	300,050	**673,400**
Remuneration of the Manager: Technical Services (Nov-Jun)		
Annual Remuneration	486,704	-
	486,704	**-**
Remuneration of the Previous Manager: Community Services (Jul-Feb)		
Annual Remuneration	468,110	573,169
Performance Bonus	30,705	48,816
Leave Paid	57,119	-
	555,934	**621,985**
Remuneration of the Manager: Corporate Services		
Annual remuneration	695,200	310,409
	695,200	**310,409**
Remuneration of the Previous Manager: Corporate Services		
Annual remuneration	-	51,675
Performance bonus	-	57,890
	-	**109,565**
Remuneration of the Manager: Planning and Development		
Annual Remuneration	695,817	**-**
	695,817	**-**

27 REMUNERATION OF COUNCILLORS

Mayor's allowance	671,913	636,307
Deputy Mayor's allowance	536,073	507,263
Speaker's allowance	536,266	507,304
Executive councillor allowance	503,700	476,586
Councillors' allowances	3,111,359	2,942,934
	5,359,310	**5,070,394**

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013	2012
		R	R
	The Mayor, Deputy Mayor, Speaker and one Executive Councillor are full time and have an office and secretarial support at the cost of the Council		
	The Mayor has the use of a Council vehicle for official duties		
28	**INTEREST PAID**		
	Long term liabilities	13,523	91,786
	Total interest on external borrowings	**13,523**	**91,786**
29	**CONTRIBUTIONS TO PROVISIONS**		
	Contribution to Bad Debt Provision	2,117,455	4,022,936
	Contribution to Leave Provision	1,215,121	918,214
	Contribution to long service awards and medical aid liability	2,609,607	4,397,115
		5,942,183	9,338,265
30	**AUDITOR'S REMUNERATION**		
	Audit fees	1,223,926	1,239,640
31	**CONTRACTED SERVICES**		
	Fixed asset register and verification	1,080,391	415,446
	Verge Contract maintenance	2,846,896	2,881,494
	Refuse site maintenance	3,243,903	2,322,290
	Security	2,628,046	2,350,799
	Lifeguard services	801,848	687,157
	Meshing fees	1,061,157	1,037,771
	Machinery leases	438,380	468,390
	Computer support	390,864	394,704
	Street Cleaning	302,754	259,291
	Contribution to Salga	449,512	261,870
	Beach Cleaning	1,475,752	1,426,214
	Other contracted services	702,452	948,030
		15,421,955	13,453,456
32	**GENERAL EXPENSES**		
	Electricity and water	6,008,716	5,877,413
	Alternate electricity	3,057,875	2,815,581
	Fuel	4,037,607	3,211,275
	Telecommunication	888,118	799,347
	Printing and stationery	1,143,156	974,863
	Insurance	517,897	475,691
	Audit fees	1,223,926	1,239,640
	Workmans Compensation	157,072	470,699
	Special Programmes	750,411	670,695
	Drivers licences	402,055	643,743
	SETA Training Programmes and Skills Levies	265,548	218,850

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013	2012
		R	R
	Valuations	103,500	300,000
	Tourism Contribution	268,800	210,000
	Annual report	157,979	148,295
	Legal expenses	1,009,027	531,691
	Valuation appeals board	459,211	1,836
	Impairment Loss	2,956,103	87,062
	Protective clothing	424,594	281,997
	Other general expenses	11,286,002	11,086,380
		35,117,597	30,045,058
33	CASH GENERATED FROM (UTILISED IN) OPERATIONS		
	Surplus for the year	3,283,878	41,596,346
	Adjustments for non cash transactions accounted for directly against income:		
	Changes to accumulated surplus	-3,183,802	861,010
	Depreciation	21,385,792	14,584,397
	Impairment of assets	2,956,104	87,061
	Loss on disposal of assets	2,150,130	1,372,127
	Donation of assets	-80,953	
	Loan Write-off	-1,404,907	
	Capital charges :		
	Interest paid on external loans	13,523	91,786
	Investment income (operating account)	-4,763,231	-7,709,598
		20,356,533	**50,883,129**
	(INCREASE) / DECREASE IN WORKING CAPITAL	**-14,379,080**	**-35,422,264**
	(Increase) / decrease in inventory	36,098	8,715
	(Increase) / decrease in receivables	-581,731	3,390,342
	(Increase) / decrease in other receivables	-5,045,499	-
	(Increase) / decrease in vat receivables	1,991,121	-
	Increase / (decrease) in finance lease liability	432,495	-
	Increase / (decrease) in operating lease liability	-3,191	
	(Increase) / decrease in operating lease asset	-87,197	
	Increase / (decrease) in creditors	-3,729,569	428,375
	Increase / (decrease) in unspent conditional grants	-9,105,791	-43,977,847
	Increase / (decrease) in Provision for post retirement medical aid	1,703,412	3,702,672
	Increase / (decrease) in Provision for long service awards	217,898	-
	Increase / (decrease) in Provision for refuse site rehabilitation	-117,530	645,438
	Increase / (decrease) in Provisions for staff leave	-89,597	394,132
	Increase / (decrease) in Housing Operating Account		-14,091
	Cash generated from (utilised in) operations	**5,977,453**	**15,460,865**
34	CONTINGENT LIABILITIES		
	Guarantees Raised	184,030	184,030

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013 R	2012 R
	The municipality is currently engaged in a legal dispute with a service provider for alleged outstanding payments.		
	The municipality has not completed any employee job evaluations as prescribed in terms of the Salary and wage collective agreement between SALGA, IMATU and SAMWU - 27 July 2012.As a result the municipality is unable to measure, with sufficient reliability, the amount of such obligation for both the 30 June 2012 and 30 June 2013 year-ends.		

35 CAPITAL COMMITMENTS

Commitments for capital expenditure		
Approved and contracted for	8,546,246	16,388,040
Approved but not yet contracted for	29,100,650	27,486,050
	37,646,896	**43,874,090**
This expenditure will be financed from:		
Internal source - Revenue	12,602,935	11,438,200
External source - National government	25,043,961	32,435,890
	37,646,896	**43,874,090**

36 COUNCILLORS' ACCOUNTS IN ARREAR

The following Councillor had an arrear account balance outstanding:

	Outstanding less than 90 Days	Outstanding more than 90 Days	Total
At 30 June 2013			
Councillor TA Zondi	575	-	575
Councillor GN Mbambo	191	-	191
Councillor TH Ngcobo	127	-	127
	893	-	893
This represents monthly arrears which have been subsequently paid.			
At 30 June 2012			
Councillor TA Zondi	945		945
	945	-	945

37 MATERIAL UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

37.1 **Material unauthorised expenditure**

Opening balance	-	-
Unauthorised expenditure for the current year	9,391,944	9,581,858
Approved /condoned by Council as at 30 June	-9,391,944	-
Approved /condoned by Council subsequent to year end	-	-9,581,858
Unauthorised expenditure	-	-

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013 R	2012 R
37.2	**Material fruitless and wasteful expenditure**		
	Opening Balance	1,282	1,282
	Fruitless and wasteful expenditure for the current year	-	-
	Approved /condoned by Council	-	-
	Recovered	-1,282	
	Fruitless and wasteful expenditure	-	1,282
37.3	**Material irregular expenditure**		
	Opening balance	-	1,137,232
	Irregular expenditure for the current year	28,719,972	
	Approved /condoned by Council	-8,629,888	-1,137,232
	Irregular expenditure	20,090,084	-
	The above irregular expenditure is analysed as follows , non compliance with predominantly section 29 of the SCM Regulations and/or section 6(2) of the PPP Regulations (R 28 141 746) , contracts procured without competitive bidding (R 286 948) , Contracts exceeding tender threshold (R 53 398) and Suppliers in the Service of the State (R 237 879)		

38 CORRECTION OF ERRORS

The entries below detail the adjustments effected to the AFS in respect of the prior period: All corrections were carried out independently using the opening balances

	As previously reported 2012	Amount of correction 2012	Restated 2012
38.1 Reclassification of Property Plant and Equipment			
In accordance with further implementation of GRAP, and the refinement and additional componentisation of the asset register, the following prior year adjustments were effected:			
Property, Plant and Equipment - Carrying Value	499,035,905	-211,493	498,824,412
Intangible Assets	0	120,480	120,480
Heritage Assets	0	91,013	91,013

	As previously reported 2012	Amount of correction 2012	Restated 2012
Restatement of Property Plant and Equipment			
In accordance with further implementation of GRAP, and the refinement and additional componentisation of the asset register, the following prior year adjustments were effected:			
Property, Plant and Equipment - Carrying Value	498,824,412	18,768,760	517,593,172
Accumulated Surplus	-528,593,346	-13,225,726	-541,819,072
Investment Property	22,647,079	-5,713,034	16,934,045
Heritage Assets	91,013	170,000	261,013

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

		2013 R	2012 R	
38.2	**Restatement of VAT and Conditional Grant Receipts**	As previously reported 2012	Amount of correction 2012	Restated 2012
	In terms of circular 48 the municipality is allowed to recognise VAT as own revenue as a project funded by a conditional grant progresses. During the prior years this was not performed, resulting in projects that were finalised remain with an unspent conditional grant.			
	Decrease in Unspent conditional grants and receipts	-74,154,162	-39,487,463	-34,666,699
	Increase in Government grants and subsidies	-83,280,025	-3,931,812	-87,211,837
	Increase in Accumulated surplus	-541,819,072	-35,555,651	-577,374,724
38.3	**Restatement of Operating leases**	As previously reported 2012	Amount of correction 2012	Restated 2012
	During the prior year the straight lining of operating leases were not accounted for on the annual financial statements.			
	Decrease in Operating Lease Liabilities	0	5,639	5,639
	Increase in Operating Lease Assets	0	4,062	4,062
	Increase in Accumulated Surplus	-581,413,651	-9,701	-581,423,352
		As previously reported 2011	Amount of correction 2011	Restated 2011
	Increase in Operating Lease Liabilities	0	-8,830	-8,830
	Increase in Operating Lease Assets	0	33,954	33,954
	Increase in Accumulated Surplus	-581,423,352	-25,124	-581,448,476

39 SECTION 36 DISCLOSURE IN ACCORDANCE WITH SUPPLY CHAIN MANAGEMENT REGULATIONS

The following amounts were incurred by the Municipality in accordance with Sec 36 of the Municipal Finance Management Act. Detailed records of the transactions below are maintained by the municipality

* Expenditure of R 8,102,219.07 (2012 : R 31 180 477) relates to the Disaster Rehabilitation Programme. In order to expedite the rehabilitation of the damage incurred during the June 2008 floods, service providers were invited to register on disaster database, and requested to tender as the projects were being implemented.

*Expenditure of R 20,107 (2012 : R 1 516 153) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services procured from a sole supplier.

*Expenditure of R 342,828.53 (2012: R505 359) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services under emergency circumstances.

*Expenditure of R 935,117.75 (2012: R 154 254) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of

	2013	2012
	R	R

goods and services in respect of goods and services (impracticable to follow the procurement process).

*Expenditure of R 272,926.18 (2012 : R 0) has been incurred in accordance with Section 36 of the Supply Chain Regulations in respect of goods and services supplied by a specialist provider.

40 EVENTS AFTER REPORTING DATE

Management have not identified any matter or circumstance (adjusting or non-adjusting) since the end of the financial year, that will impact on the fair presentation of the annual financial statements.

41 PARTICULARS OF TRANSACTIONS IN ACCORDANCE WITH S45 OF SUPPLY CHAIN REGULATIONS - RELATED PARTY TRANSACTIONS

2013

The Municipality did not conduct any business with a company associated with staff members of the Municipality.

Name of Individual	Capacity of Individual	Nature of Relationship	Amount of Award
N/A	N/A	N/A	-

2012

The Municipality incurred business to the value of R 15,300 with a company associated with staff members of the Municipality. The transaction was concluded in full compliance with the Supply Chain Management Policy of Council and the transaction is considered to be at arms length.

Name of Individual	Capacity of Individual	Nature of Relationship	Amount of Award
AA Govender	Superintendent - Traffic	Parent of Employee	15,300

42 FINANCIAL INSTRUMENTS AND RISK ANALYSIS

42.1 FINANCIAL ASSETS:

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows:

Financial Assets	Classification
Current investments	
30 day deposits	Financial Assets at amortised cost
Trade receivables from exchange transactions & non-exchange transactions	
Consumer debtors	Financial Assets at amortised cost
Other debtors	Financial Assets at amortised cost
Bank, Cash and Cash Equivalents	
Bank Balances	Financial Assets at amortised cost
Cash on hand	At fair Value

SUMMARY OF FINANCIAL ASSETS

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

	2013	2012
	R	R
Financial Assets at Amortised Cost:		
Trade receivables from consumers	39,167,488	32,232,951
Trade receivables from other debtors	500	5,075,795
Bank Balances	1,202,378	417,827
Notice Deposits	84,921,765	105,709,836
Financial Assets at Fair Value:		
Cash on hand	7,500	7,500
Total Financial Assets	**125,299,630**	**143,443,909**

42.2 **FINANCIAL LIABILITIES:**

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows :

Financial Liabilities	Classification
Long-term Liabilities	
Non Annuity Loans	Financial liabilities at amortised cost
Annuity Loans	Financial liabilities at amortised cost
Creditors	
Trade creditors	Financial liabilities at amortised cost
Payments received in advance	Financial liabilities at amortised cost
Deposits - other	Financial liabilities at amortised cost
Staff leave	Financial liabilities at amortised cost
Other creditors	Financial liabilities at amortised cost
Current Portion of Long-term Liabilities	
Non Annuity Loans	Financial liabilities at amortised cost
Annuity Loans	Financial liabilities at amortised cost
Bank, Cash and Cash Equivalents	
Bank Balances	Financial liabilities at amortised cost

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Non Annuity Loans	-	1,200,000
Long-term Liabilities	Annuity Loans	7,778	32,580
Long-term Liabilities	Finance Lease Liability	286,742	-
Deposits	Sundry Deposits	966,032	727,311
Creditors	Trade creditors	7,731,289	10,325,153
Creditors	Payments received in advance	5,418,285	3,267,235
Creditors	Staff leave	5,204,077	5,293,673
Creditors	Other creditors	13,448,780	16,974,256
Current Portion of Long-term Liabilities	Non Annuity Loans	-	819,783
Current Portion of Long-term Liabilities	Finance Lease Liability	145,753	-
Current Portion of Long-term Liabilities	Annuity Loans	9,594	559,983
		33,218,330	**39,199,974**
Bank, Cash and Cash Equivalents			
Bank Balances		**-**	**819,783**

	2013	2012
	R	R
Total Financial Liabilities	-	819,783

42.3 RISK ANALSIS

The Municipality has reviewed and assessed the following main categories of risk as being immaterial

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

- Foreign curency risk	The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.
- Interest rate risk	Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents	The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with major institutions. No investments with a tenure exceeding twelve months are made.
Trade and Other Receivables	Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

43 BUDGET COMPARATIVES

The budget is prepared on an accrual basis by nature classification. No adjustments were made to figures disclosed in the statement of financial peformance in order to compare it to budgeted figures.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS

Notes to the Annual Financial Statements
for the year ended 30 June 2013

	2013	2012
	R	R

44 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The following standards have been approved but are not yet effective:

GRAP 18 - Segment Reporting
Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management. Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.
Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the entity. The precise impact of this on the financial statements of the Municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not yet have an effective date.

GRAP 20 – Related party disclosures
The effective date of the standard has not been determined yet. The standard of GRAP on related parties will replace the IPSAS 20 standard on related party disclosure currently used. No significant impact on the financial statements of the Municipality is expected.

GRAP 25 – Employee Benefits
This standard prescribes similar requirements to those in terms of IAS 19: Employee Benefits. Since IAS 19 has been applied in developing the current accounting policy, no significant impact on the financial statements of the Municipality is expected. This standard does not yet have an effective date.

GRAP 105 – Transfer of Function Between Entities Under common Control
This standard provides the accounting treatment for transfers of functions between entities under common control. However the impact on the Municipality's financial statements is not expected to be significant due to the fact that the Municipality rarely enters into such transactions. The standard is only expected to have an impact on the Municipality in respect of any future transfers of functions. This standard does not yet have an effective date.

GRAP 106 – Transfer of Function Between Entities Not Under common Control
This standard deals with other transfers of functions (i.e. between entities not under common control) and requires the entity to measure transferred assets and liabilities at fair value. It is unlikely that the Municipality will enter into any such transactions in the near future. This standard does not yet have an effective date.

GRAP 107 – Mergers
This standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the Municipality in the foreseeable future. This standard does not yet have an effective date.

APPENDIX S
VOLUME II:
ANNUAL FINANCIAL STATEMENTS



Notes to the Annual Financial Statements
for the year ended 30 June 2013

Note 45

Reconciliation of carrying value	Furniture & Office Equipment	Machinery & Equipment	Computer Equipment	Transport Assets	Solid Waste Disposal	Dwellings	Roads	Non Residential Dwellings	Land	Cemeteries	Electricity	Housing Schemes	Assets under Construction	Total
Carrying values at 01 July 2012	2,713,384	4,197,387	1,014,782	11,515,684	7,468,263	8,192,409	209,025,919	92,102,804	43,628,092	1,733,657	962,236	11,777,871	123,260,686	517,593,173
Cost/Revaluation	5,857,360	8,037,043	2,161,751	21,941,000	8,873,925	21,843,654	229,760,981	88,864,887	43,628,092	2,099,761	1,212,748	11,777,871	123,260,686	569,319,759
Cost	5,857,360	8,037,043	2,161,751	21,941,000	8,873,925	21,843,654	229,760,981	88,864,887	43,628,092	2,099,761	1,212,748	11,777,871	123,260,686	569,319,759 -
Accumulated depreciation	-3,124,194	-3,889,795	-1,132,753	-10,396,645	-1,405,662	-5,001,237	-20,735,062	-14,702,311	-	-366,104	-250,512	-	-	-61,004,276
Based on cost	-3,124,194	-3,889,795	-1,132,753	-10,396,645	-1,405,662	-5,001,237	-20,735,062	-14,702,311	-	-366,104	-250,512	-	-	-61,004,276
Accumulated Impairment	-19,782	-24,392	-14,216	-28,671	-	-	-	-	-	-	-	-	-	-87,061
Based on cost	-19,782	-24,392	-14,216	-28,671										-87,061
Adjustment Prior Year	-	74,531	-	-	-	-8,650,008	-	17,940,228	-	-	-	-	-	9,364,750
Cost		115,965				(11,472,615)		24,595,102						13,238,452
Accumulated depreciation		(41,434)				2,822,607		(6,654,874)						-3,873,701
Acquisitions	728,546	613,571	378,306	1,015,862				786,023					26,344,438	29,866,746
Fair Value Adjustments	63,296	81,132	52,200	18,460										215,088
Donations			80,953											80,953
Transfer of Completed Projects from Work in Progress							69,163,311	8,098,458					-77,261,769	-
Depreciation	-660,156	-979,252	-308,533	-2,541,908	-217,080	-351,181	-11,239,214	-4,696,396	-	-69,944	-38,230	-	-	-21,101,895
Based on cost	-660,156	-979,252	-308,533	-2,541,908	-217,080	-351,181	-11,239,214	-4,696,396		-69,944	-38,230			-21,101,895
Based on revaluation														
Carrying value of disposals	-196,001	-88,522	-22,961	-	-	-287,493	-1,550,488	-	-	-	-	-912,218	-	-3,057,682
Cost/ revaluation	-322,105	-216,274	-42,867			-500,826	-2,120,650					-912,218		-4,114,939
Accumulated depreciation	122,019	126,497	19,744			213,333	570,162							1,051,755
Impairment Loss	4,085	1,255	162											5,502
Impairment losses	(171)	(5,504)	(43)	(79,798)			(2,862,076)	(8,513)						-2,956,104
Other movements														
Carrying values at 30 June 2013	2,648,898	3,818,813	1,194,704	9,928,300	7,251,183	7,553,735	262,537,452	96,282,376	43,628,092	1,663,713	924,006	10,865,653	72,343,355	520,640,280
Represented by														
Cost/revaluation	6,327,097	8,631,437	2,630,343	22,975,323	8,873,925	9,870,213	296,803,642	122,344,470	43,628,092	2,099,761	1,212,748	10,865,653	72,343,355	608,606,060
Cost	6,263,801	8,550,305	2,578,144	22,956,862	8,873,925	9,870,213	296,803,642	122,344,470	43,628,092	2,099,761	1,212,748	10,865,653	72,343,355	608,390,972
Revaluation	63,296	81,132	52,200	18,460	-	-	-	-	-	-	-	-	-	215,088
Accumulated depreciation	-3,662,331	-4,783,984	-1,421,543	-12,938,553	-1,622,742	-2,316,478	-31,404,114	-26,053,581	-	-436,048	-288,742	-	-	-84,928,116
Cost	-3,662,331	-4,742,550	-1,421,543	-12,938,553	-1,622,742	-5,139,085	-31,404,114	-19,398,707	-	-436,048	-288,742	-	-	-81,054,415
Revaluation	-	-41,434	-	-	-	2,822,607	-	-6,654,874	-	-	-	-	-	-3,873,701
Impairment losses	-15,868	-28,641	-14,097	-108,469	-	-	-2,862,076	-8,513	-	-	-	-	-	-3,037,663
Carrying values at 30 June 2013	2,648,898	3,818,813	1,194,704	9,928,300	7,251,183	7,553,735	262,537,452	96,282,376	43,628,092	1,663,713	924,006	10,865,653	72,343,355	520,640,280

Notes to the Annual Financial Statements
for the year ended 30 June 2013

Reconciliation of carrying value	Furniture & Office Equipment	Machinery & Equipment	Computer Equipment	Transport Assets	Solid Waste Disposal	Dwellings	Roads	Non Residential Dwellings	Land	Cemeteries	Electricity	Housing Schemes	Assets under Construction	Total
Carrying values at 01 July 2011	**2,762,812**	**4,755,083**	**1,014,435**	**10,345,025**	**7,685,937**	**17,604,375**	**109,191,856**	**71,180,556**	**43,628,092**	**1,803,793**	**1,000,571**	**12,738,100**	**166,085,023**	**449,795,658**
Acquisitions	15,272	394,958	395,118	4,076,323				284,995					60,158,524	65,325,190
Fair Value Adjustments	658,384													658,384
Transfer of Completed Projects from Work in Progress							107,418,753	5,075,233					-112,493,986	-
Depreciation	-694,011	-989,225	-351,643	-2,481,772	-217,674	-761,958	-6,576,428	-2,378,208	-	-70,136	-38,335	-	-	-14,559,389
Carrying value of disposals	-9,291	-13,569	-28,912	-288,105	-	-	-1,008,262	-	-	-	-	-960,229	-	-2,308,369
Impairment losses	-19,782	-24,392	-14,216	-28,671										-87,062
Carrying values at 30 June 2012	**2,713,383**	**4,122,856**	**1,014,782**	**11,622,800**	**7,468,263**	**16,842,417**	**209,025,918**	**74,162,577**	**43,628,092**	**1,733,657**	**962,236**	**11,777,871**	**113,749,561**	**498,824,413**
Prior Year Adjustments	-	74,531	-	-	-	-8,650,008	-	17,940,228	-	-	-	-	-	9,364,750
Acquisitions	728,546	613,571	378,306	1,015,862	-	-	-	786,023	-	-	-	-	26,344,438	29,866,746
Fair Value Adjustments	63,296	81,132	52,200	18,460	-	-	-	-	-	-	-	-	-	215,088
Donations	-	-	80,953	-	-	-	-	-	-	-	-	-	-	80,953
Transfer of Completed Projects from Work in Progress	-	-	-	-	-	-	69,163,311	8,098,458	-	-	-	-	-77,261,769	-
Depreciation	-660,156	-979,252	-308,533	-2,541,908	-217,080	-351,181	-11,239,214	-4,696,396	-	-69,944	-38,230	-	-	-21,101,895
Carrying value of disposals	-196,001	-88,522	-22,961	-	-	-287,493	-1,550,488	-	-	-	-	-912,218	-	-3,057,682
Impairment losses	-171	-5,504	-43	-79,798	-	-	-2,862,076	-8,513	-	-	-	-	-	-2,956,104
Carrying values at 30 June 2013	**2,648,898**	**3,818,813**	**1,194,704**	**10,035,416**	**7,251,183**	**7,553,735**	**262,537,451**	**96,282,376**	**43,628,092**	**1,663,713**	**924,006**	**10,865,653**	**62,832,229**	**511,236,270**

APPENDIX A : SCHEDULE OF EXTERNAL LOANS

External loan	Interest rate	Period of loan	Balance as at 30 June 2012	Received during the year	Adjustments to correct the previous year	Redeemed/ written off during the year	Balance as at 30 June 2013	Short term Portion 2013	Short term Portion 2014	2013 Interest accrued for the year
Other Long-term Loans										
uMsekeli Financial Services	0.00%		889,694			-889,694	-	-	-	
Total Long-term Loans			**889,694**	**-**	**-**	**-889,694**	**-**			
Annuity Loans										
Development Bank of SA Ltd	Various (9.6%-17.65%)	Various (2009-2015)	32,582			-15,210	17,372	9,594	9,594	3,979
uMsekeli Financial Services										
Library	10.00%		77,290			-77,290	-			
Roads and drains	10.00%		437,923			-437,923	-			
Total Annuity Loans			**547,795**	**-**	**-**	**-530,423**	**17,372**			
TOTAL EXTERNAL LOANS			**1,437,489**	**-**	**-**	**-1,420,117**	**17,372**	**9,594**	**9,594**	**3,979**

APPENDIX B : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

	Cost / Revaluation								Accumulated Depreciation					Accumulated Impairment					
	Opening Balance	Work in Progress	Prior Year Adjustments	Additions/ Donations	Fair Value Adjustments/Impairment losses	Work in Progress transferred to Additions	Disposals	Closing Balance	Opening Balance	Prior Year Adjustments	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value - 2013	Carrying Value - 2012
Furniture and Office Equipment	5,857,360		-	728,546	63,296		-322,105	6,327,097	3,124,194	-	660,156	-122,019	3,662,331	19,782	171	-4,085	15,868	2,648,898	2,713,384
Machinery and Equipment	8,037,043		115,965	613,571	81,132		-216,274	8,631,437	3,889,795	41,434	979,252	-126,497	4,783,984	24,392	5,504	-1,255	28,641	3,818,813	4,197,387
Computer Equipment	2,161,751		-	459,260	52,200		-42,867	2,630,343	1,132,753		308,533	-19,744	1,421,543	14,216	43	-162	14,097	1,194,704	1,014,782
Transport Assets	21,941,000		-	1,015,862	18,460		-	22,975,323	10,396,645		2,541,908	-	12,938,553	28,671	79,798		108,469	9,928,300	11,515,684
Solid Waste Disposal	8,873,925		-					8,873,925	1,405,662		217,080		1,622,742				-	7,251,183	7,468,263
Dwellings	21,843,654		-11,472,615				-500,826	9,870,213	5,001,237	-2,822,607	351,181	-213,333	2,316,478		-		-	7,553,735	8,192,409
Roads	229,760,981	99,257,255	-	95,507,749		-69,163,311	-2,120,650	353,242,024	20,735,062		11,239,214	-570,162	31,404,114		2,862,076		2,862,076	318,975,834	308,283,174
Non Residential Dwellings	88,864,887	10,083,978	24,595,102	8,884,481		-8,098,458		124,329,990	14,702,311	6,654,874	4,696,396		26,053,581		8,513		8,513	98,267,896	102,186,782
Land	43,628,092		-		-			43,628,092	-				-					43,628,092	43,628,092
Cemetries	2,099,761	4,408,328	-					6,508,089	366,104		69,944		436,048					6,072,041	6,141,985
Electricity	1,212,748		-					1,212,748	250,512		38,230		288,742					924,006	962,236
Housing Schemes	11,777,871		-				-912,218	10,865,653	-				-					10,865,653	11,777,871
	446,059,073	113,749,561	13,238,452	107,209,469	215,088	-77,261,769	-4,114,939	599,094,935	61,004,276	3,873,701	21,101,895	-1,051,755	84,928,116	87,061	2,956,104	-5,502	3,037,663	511,129,156	508,082,049

APPENDIX C : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost				Accumulated Depreciation					
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Current Depreciation	Disposals	Closing Balance	Impairments	2013 Carrying Value
Administration	1,460,811	118,730	-29,895	1,549,646	824,907	182,271	-18,491	988,687	1,160	559,799
Civic buildings	30,033,362	2,494,961	-8,086,322	24,442,002	2,438,165	668,570	-213,333	2,893,401	80,439	21,468,162
Clinic	242,154	26,700	-268,854	-	94,813	-	-94,813	-	-	-
Environmental services	83,310	16,503		99,813	43,954	7,651		51,605	489	47,719
Roads & drainage	324,611,867	88,090,983	-64,472,758	348,230,092	21,292,590	11,377,733	-570,162	32,100,161	2,862,156	313,267,775
Traffic services	4,898,740	207,648	-151,442	4,954,946	1,444,075	309,092	-104,074	1,649,093	3,676	3,302,177
Libraries	2,078,332	235,863	-71,020	2,243,175	1,250,638	195,689	-26,950	1,419,377	9,304	814,494
Financial services	1,148,153	37,724	-19,561	1,166,316	703,668	111,962	-15	815,615	13,668	337,032
Beach	39,598,407	398,358	-4,059	39,992,706	11,660,686	1,418,228	-2,911	13,076,003	2,351	26,914,352
Parks & gardens	28,545,413	2,722,478	-318,947	30,948,944	2,672,436	974,162	-	3,646,597	10,928	27,291,419
Building control	176,101	61,440	-715	236,825	72,774	30,405	-344	102,835	133	133,857
Refuse	8,788,806	111,317	-	8,900,123	1,389,064	221,716	-	1,610,780	1,453	7,287,890
Community facilities	1,335,303	1,391,891	-486,475	2,240,719	646,882	150,395	-	797,277	197	1,443,244
Human resources	128,103	1,785	-	129,888	63,583	16,671	-	80,255	-	49,633
Legal and estates	41,706	11,840	-	53,546	16,639	7,510	-	24,149	-	29,397
Corporate :general management	1,255,285	237,567	-18,411	1,474,441	725,316	148,817	-14,541	859,592	7,680	607,169
Town planning	123,657	2,291	-	125,948	39,552	17,419	-	56,972	-	68,976
Mechanical workshop	131,046	3,761	-328	134,478	44,938	16,907	-132	61,714	2,225	70,539
Housing service	43,919,328	443,803	-912,218	43,450,913	50,345	5,030	-	55,375	-	43,395,538
Disaster management	929,631	246,302	-	1,175,933	469,881	112,079	-	581,959	1,101	592,873
Housing admin	81,512	6,815	-	88,327	47,321	9,396	-	56,717	-	31,609
Technical services	27,658,300	8,758,861	-6,574,038	29,843,122	10,049,139	2,668,997	-20,393	12,697,743	9,335	17,136,044
Community services	55,669,419	593,460	-78,676	56,184,204	8,736,209	2,417,522	-703	11,153,028	31,270	44,999,906
Strategic plan & development admin	128,469	36,083	-8,000	156,552	60,108	19,793	-2,836	77,065	60	79,427
Special programmes	104,883	5,370	-	110,253	58,188	13,928	-	72,116	38	38,099
	573,172,097	**106,262,532**	**-81,501,718**	**597,932,910**	**64,895,872**	**21,101,944**	**-1,069,699**	**84,928,117**	**3,037,662**	**509,967,131**

UMDONI MUNICIPALITYANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

APPENDIX D : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

	2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)	2012 Actual Income	2012 Actual Expenditure	2012 Surplus/ (Deficit)
	R	R	R	R	R	R
Council General	27,809,200	14,417,487	13,391,713	24,110,993	13,592,572	10,518,421
Financial Services	87,149,401	23,126,472	64,022,929	128,184,919	23,405,783	104,779,136
Technical Services	20,820,090	59,447,937	-38,627,847	6,742,963	47,660,539	-40,917,576
Corporate Services	507,981	13,136,044	-12,628,063	230,391	11,793,948	-11,563,557
Community Services	13,121,061	30,949,974	-17,828,913	14,733,960	31,511,251	-16,777,291
Planning and Development	664,012	5,646,403	-4,982,391	952,549	5,288,220	-4,335,671
Total	**150,071,745**	**146,724,317**	**3,347,428**	**174,955,775**	**133,252,313**	**41,703,462**

APPENDIX E1 : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) BY MUNICIPAL VOTE

	Actual 2013 R	Budget 2013 R	Variance 2013 R	Variance 2013 %	Explanation for variances greater than 15%
REVENUE					
Council General	27,809,200	27,808,600	600	0.00%	
Financial Services	87,149,401	71,875,074	15,274,327	21.25%	Recognition of Capital grant income
Technical Services	20,820,090	24,600,524	(3,780,434)	-15.37%	Recognition of Capital grant income due to underspending on MIG
Corporate Services	507,981	679,785	(171,804)	-25.27%	Undercollection of signage income
Community Services	13,121,061	13,765,391	(644,330)	-4.68%	
Planning and Development	664,012	801,714	(137,702)	-17.18%	Recognition of grant income due to underspending on various grants
Total Revenue	**150,071,745**	**139,531,088**	**-10,540,657**	**-7.55%**	
EXPENDITURE					
Council General	14,417,487	15,101,532	(684,045)	-4.53%	
Financial Services	23,126,472	17,052,040	6,074,432	35.62%	Impairment losses are charged to the Finance Department
Technical Services	59,447,937	55,465,228	3,982,709	7.18%	
Corporate Services	13,136,044	12,890,353	245,691	1.91%	
Community Services	30,949,974	32,978,819	(2,028,845)	-6.15%	
Planning and Development	5,646,403	6,042,117	(395,714)	-6.55%	
Total Expenditure	**146,724,317**	**139,530,089**	**-7,194,228**	**-5.16%**	
SURPLUS FOR THE YEAR	**3,347,428**	**999**	**-3,346,429**		

APPENDIX E2 : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) BY MUNICIPAL VOTE

	Actual 2013 R	Budget 2013 R	Variance 2013 R	Variance 2013 %	Explanation for variances greater than 15%
Council General	16,743	17,218	(475)	-2.76%	
Financial Services	50,488	52,063	(1,575)	-3.03%	
Technical Services	27,309,633	35,862,246	(8,552,613)	-23.85%	Underspending on various projects funded from conditional grants
Corporate Services	488,525	488,893	(368)	-0.08%	
Community Services	1,812,087	1,814,242	(2,155)	-0.12%	
Planning and Development	218,213	219,458	(1,245)	-0.57%	
	29,895,689	38,454,120	-8,558,431	-22.26%	

APPENDIX F : DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants	Name of organ of state or municipal entity	Balance 01.07.2012	Receipts	Expenditure	Funds Returned	Prior Year Corrections	Balance 30.06.2013	Grants and Subsidies Delayed / Withheld / Returned	Reason for delay / withholding or returning of funds	Complaince with the grant conditions
Municipal infrastructure	National Treasury	**-1,351,411**	-			1,351,411	**-**	Nil	NA	Yes
Scottburgh library Cybercadet	KZN Arts and Culture	**-14,067**	-100,800	102,065			**-12,801**	Nil	NA	Yes
Renaissance project	KZN Housing	**-94,537**	-	-			**-94,537**	Nil	NA	Yes
Seta	LG Seta	**-142,332**	-239,488	194,963			**-186,857**	Nil	NA	Yes
Skills training centre	KZN Cogta	**-5,508**	-	5,508			**0**	Nil	NA	Yes
Malangeni library	KZN Arts and Culture	**-46,427**	-	46,427			**-**	Nil	NA	Yes
Finance management grant	National Treasury	**-365,235**	-1,500,000	1,865,235			**-**	Nil	NA	Yes
Enviromental management practice	KZN Environmental Affairs	**-100,000**	-	-			**-100,000**	Nil	NA	Yes
Tourist development	Ugu District	**-20,233**	-	-			**-20,233**	Nil	NA	Yes
Msig	National Treasury	**-58,818**	-800,000	858,818			**-**	Nil	NA	Yes
Mig	National Treasury	**-**	-15,803,000	11,976,553			**-3,826,447**	Nil	NA	Yes
Mig flood	National Treasury	**-62,952,231**	-	9,377,788		37,291,836	**-16,282,607**	Nil	NA	Yes
Communal Gardens	Old Mutual	**-8,615**	-	8,615			**-**	Nil	NA	Yes
Strategic enviro assessment	Ugu District	**-102,081**	-	83,660			**-18,421**	Nil	NA	Yes
Idp review grant	KZN Cogta	**-5,349**	-	5,349			**-**	Nil	NA	Yes
Malangeni library Cybercadet	KZN Arts and Culture	**-**	-96,000	67,311			**-28,689**	Nil	NA	Yes
Disaster centre	National Treasury	**-844,216**	-			844,216	**-**	Nil	NA	Yes
Municipal pound	KZN Cogta	**-1,000,000**	-	3,117			**-996,883**	Nil	NA	Yes
National electrfication program	National Treasury	**-4,536,000**	-		4,536,000		**-**	4,536,000	Eskom committed to fund the identified projects	Yes
Sport & recreation	Ugu District	**-3,000**	-	3,000			**-**	Nil	NA	Yes
Led learnership	KZN Cogta	**-110,211**	-	96,000			**-14,211**	Nil	NA	Yes
Umzinto library Cybercadet	KZN Arts and Culture	**-35,119**	-90,000	89,798			**-35,320**	Nil	NA	Yes
Library services	KZN Arts and Culture	**-**	-1,960,000	1,960,000			**-**	Nil	NA	Yes
Fresh produce market	KZN Cogta	**-222,748**	-	124,211			**-98,538**	Nil	NA	Yes
Park rynie industrial park	KZN Cogta	**-1,663,433**	-	1,168,002			**-495,431**	Nil	NA	Yes
Thusong centre	KZN Cogta	**-472,591**	-	272,659			**-199,933**	Nil	NA	Yes
Expanded public works program	National Treasury	**-**	-1,000,000	1,000,000			**-**	Nil	NA	Yes
Corridor development	KZN Cogta	**-**	-1,000,000	-			**-1,000,000**	Nil	NA	Yes
Shaymoya sportsfield	KZN Cogta	**-**	-150,000	-			**-150,000**	Nil	NA	Yes
Emergency relief	KZN Cogta	**-**	-2,000,000	-			**-2,000,000**	Nil	NA	Yes
Equitable Share	National Treasury	**-**	-27,805,000	27,805,000			**-**			
		-74,154,163	-52,544,288	57,114,080	4,536,000	39,487,463	**-25,560,908**			

OVERSIGHT REPORT

OVERSIGHT REPORT

Minutes of the Oversight Committee

MINUTES OF A OVERSIGHT COMMITTEE MEETING
HELD AT THE UMDONI MUNICIPALITY, SCOTTBURGH OFFICES,
COUNCIL CHAMBERS ON
TUESDAY 22 JANUARY 2013 AT 09:30

ATTENDANCE:

Councillors:

Cllr GN Mbambo	Chairperson
Cllr MN Maphumulo	Committee Member
Cllr BJ Mtolo	Committee Member
Cllr S Sookhraj	Committee Member

Public Representatives

Rev Luthuli
Mrs E Collins

Government Representatives

Ms Parumaul	COGTA
Ms N. Singh	COGTA

Service Provider

Mr Maharaj	Total Media Solutions

Heads of Department

Mr DD Naidoo	Municipal Manager
Mr A Nunkumar	GM Financial Services
Mr X Luthuli	GM Community Services
Mr N Manyathi	GM Technical Services
Mrs L Harisingh	Manager Internal Audit
Mrs C Douglas	Snr Committee Officer

APOLOGIES / ABSENT

Cllr M Moodley
Mr S Dludla (GM Corporate Services)
Mrs C Vezi (GM Planning and Development)

OVERSIGHT REPORT

OVERSIGHT REPORT

Minutes of the Oversight Committee

MINUTES OF A OVERSIGHT COMMITTEE MEETING
22 JANUARY 2013

1. NOTICE OF MEETING

 The Municipal Manager opened the meeting and welcomed all those present. The Notice of Meeting was taken as read.

2. ATTENDANCE

 As recorded above.

3. ELECTION OF CHAIRPERSON

 Council resolved on the Membership (including Chairperson) of the Oversight Committee and as such this item was removed from the agenda. The Municipal Manager handed over to the Chairperson Cllr Mbambo.

4. PRAYER

 Councillor Sookhraj led the meeting in prayer.

5. BACKGROUND INFORMATION AND CIRCULAR NO 63 FROM PROVINCIAL TREASURY

 MFMA Circular No.63 was append to the agenda. General Manager Financial Services brief the committee regarding the content of the circular and the Municipal Manager also explained that the purpose of the circular was to guide the municipality in respect of timeframes, content, and format of the Annual Report. The circular also assists the Oversight Committee in respect of evaluating the Annual Report.

6. DISCUSSION FIRST DRAFT 2011/2012 ANNUAL REPORT

 MM advised that previous Oversight Meetings had been inquorate and he raised concern regarding the timeframes going forward. MM also stressed the importance of ensuring that the Annual Report is adopted by 31 March 2013, noting the deadlines as contained in the above Circular. MM also stressed that the Annual Report must be tabled by 31 January 2013.

 Ms Parumaul (COGTA) advised that there appears to be a lot of outstanding schedules and much work is still required in order to complete the Annual Report. She stressed the importance of ensuring a further oversight meeting is called so that the committee can ensure that the Report is fully compliant. It was

MINUTES Oversight Committee Meeting
22 January 2013

reported that C0GTA will issue further comments once the Annual Report has been tabled at Council. AG shall also comment after the report has been tabled.

Discussions also ensued regarding the advertising of the Annual Report and calling for public comment. Noted that the Annual Report had been advertised during December, however, as it was not a completed document, Committee agreed that the Annual Report, after having been tabled must be re-advertised calling for comments within 21 days. C0GTA stressed that the report that is to be tabled must be a "final report" and outstanding issues that still need to be included thereafter can be done via recommendations of the Oversight Committee.

Noted that there is a lot of information excluded from the current draft and that the information will need to be included PRIOR to the document being tabled on 30 January 2013. Snr Management to deal with these aspects.

WAY FORWARD:

That Snr Management to ensure that the missing information is included in the Annual Report PRIOR to the Annual Report being tabled at Council on 30 January 2013;

That after having tabled the Annual Report, that the document be advertised for 21 days calling for public comment. (Annual Report once tabled, is also to be forwarded to CoGTA and Auditor General for comments);

That a further Oversight Meeting be called once comments have been received.

That GM Corp ensure that the Oversight Report calling for adoption of the Annual Report serves before Council within the legislated timeframe of 31 March 2013.

C0GTA raised the following aspects that need to be dealt with and included in the Annual Report: (Note the page numbers referred to are as per the copy of the draft document which was e-mail to C0GTA).

- Outstanding Information
 - Information pertaining to MTAS;
 - MM's Foreword

OVERSIGHT REPORT

MINUTES Oversight Committee Meeting
22 January 2013

- Financial Information on CAPEX, Cash flow and other financial matters, statement of financial performance.
- Appendices :I,J,K,LM,N,O,P,QR,S,T
- Council Organogram (Appendix F)
- Page 35 _ Information regarding "audit reports" needs to be corrected;
- Page 45 _ Policies _ Only adopted policies are indicated and it was suggested that other policies and "stage of implementation" be included.
- Page 57 _ Clinics table _ dates / timelines need to be checked and corrected;
- Page 60 _ Graphs are incomplete (I.e. X and Y axis does not reflect what they represent;
- Page 65 _ Cemeteries _ dates may be incorrect;
- Page 78 _ Trends of personnel expenditure _ figures to be clarified (i.e. are they referring to thousands or millions);
- Page 94 _ Appendix G _ recommendations of Audit Committee _ it appears that the management plan of corrective action is reflected, and CoGTA was of the view that therefore the Recommendations of the Audit Committee are not in the Annual Report and need to be included.
- Further specific comments in respect of the Managements plan of correction action will be forwarded;
- Page 96 _ Expenditure Management _ C0GTA was of the view that the Management Plan does not address the problems and is not clear in respect of what is going to be done to resolve the problems. (201 1/12).
- Assessment of performance against measurable performance objectives for revenue collection by the accounting officer _ legislation requires that this information is included.
- Assessment of arrears of municipal taxes and service charges _ Legislation requires that this is included.
- Recommendations of the Audit Committee.

It was requested that C0GTA forward the above issues to Umdoni Municipality by way of e-mail. GMFS and MIA shall deal with the financial matters or obtain further clarity from C0GTA wherever necessary.

OVERSIGHT REPORT

Minutes - Oversight Committee Meeting
22 January 2013

5. Closure

The Cairperson thanked all for their attendance and closed the meeting at 10:40

COUNCILLOR GM MBAMBO
CHAIRPERSON

UMDONI MUNICIPALITY

Oversight Committee Meeting

MINUTES
OF A
OVERSIGHT COMMITTEE MEETING
HELD AT THE UMDONI MUNICIPALITY, SCOTTBURGH OFFICES,
COUNCIL CHAMBERS ON
TUESDAY 28 JANUARY 2014 AT 09:30

ATTENDANCE:

Councillors:

Clr MN Maphumulo	Chairman
Clr BJ Mtolo	Committee Member
Clr S Sookhraj	Committee Member
Clr QT Gumede	Committee Member
Clr GH Myende	Committee Member

Public Representatives

Mrs E Collins -	Absent
Mr R Rampersad	Tendered Apology

Government Departments

T Sikisi (Provincial Treasury)	Tendered Apology
V Perumaul (CoGTA)	Tendered Apology

Service Provider

Mr Maharaj	Total Media Solutions Tendered Apology

Heads of Department

Mr X Luthuli	Municipal Manager
Mr A Nunkumar	GM Financial Services
Ms Shange	GM Community Services
Mr N Manyathi	GM Technical Services
Mrs C Vezi	GM Planning & Development
Ms L Hadebe	ACTING: GM Corporate Services
Mrs C Moodley	HR Manager
Mrs L Harisingh	Manager Internal Audit
Mr SB Hlongwane	Communications Officer
Mrs C Douglas	Snr Committee Officer

1. **NOTICE OF MEETING**

OVERSIGHT REPORT

MINUTES – Oversight Committee Meeting
28 January 2014

The Chairman opened the meeting and welcomed all those present. The Notice of Meeting was read my Mrs Moodley.

2. **ATTENDANCE**

As recorded above.

3. **BACKGROUND INFORMATION AND CIRCULAR NO. 63 FROM PROVINCIAL TREASURY**

MFMA Circular No. 63 was appended to the agenda. Mrs Moodley briefed Committee regarding the content of the circular and explained that the purpose of the circular was to guide the Municipality in respect of timeframes, content, and format of the Annual Report. The Circular also assists the Oversight Committee in respect of evaluating the Annual Report.

Mrs Moodley also elaborated on the previous shortfalls / outstanding information being : Financial overview, AG's report, Free basic and Indigent support, town planning and pollution control, AG's findings, Service Delivery backlogs, Annual Performance Report, Report from Audit Committee, Plan of Corrective Action on Audit Findings and Minutes of Oversight Committee and Annual Financial Statements. Mrs Moodley confirmed that all of the issues listed above have now been incorporated into the Annual Report.

4. **DISCUSSION –2012/13 ANNUAL REPORT**

After having briefed Committee on the above matters, Mrs Moodley then presented the Annual Report and elaborated on the various Chapters and content.

The Chairman called for comments from HOD's on their respective Chapters and the concerns / omissions are summarized as follows:-

- Various formatting, grammatical and administrative issues need to be undertaken throughout the document, this however will not materially affect the Annual Report.
- Pg 151 - Service Delivery Backlogs – Paragraph / overview to be included as this is a compliance issue on the following areas: Housing, sanitation and water, electricity.
- Pg 26 – check correctness of Wards reflected for all Ward Councillors. Clr Mtolo to be corrected to reflect Ward 8, Clr LN Myende to reflect as Ward 9 and Deputy Mayor (Pg 25) is Ward 4 Councillor.
- Pg 70 – table on town planning application approvals to be included.
- Pg 180 – Organogram to be amended so that the position of GM Planning & Development is on the same line as other GM's.
- Review of certain chapters to make the document more user-friendly, for e.g. Roads and Stormwater and Motor Licencing appears on the same page.
- Pg 172 – various corrections

Committee expressed concern that the service providers were not present at the meeting to address the typographical and alignment issues.

Several other queries were raised at the meeting, the queries related to skills development budget, number of staff members, new appointments and resignations and fleet. In response to these queries, the Acting GM Corp referred committee to the respective pages within the annual report where the information is contained.

In respect of other queries raised, MIA advised that the Municipality is guided in respect of what information and the format information should be provided in the Annual Report, and although the Officials can respond to the queries, the information is not required for the Annual Report. (Note the queries related to accidents and insurance claims and well as the staffing in the Fire Department.

The importance of HOD's checking their respective chapters to ensure that the core information is correct and incorporated into the Annual Report before the document being made public was stressed.

5. WAY FORWARD

The way forward was noted as follows:-

For Compliance, The Annual Report will be presented to Council at the meeting scheduled for 29 January 2014 for NOTING.

The Annual Report will be advertised for public comment for 21 days from 30 January 2014 to 28 February 2014. It was stressed that MPAC Members and all other Councillors and Staff may submit further comments to the Acting GM Corp for consideration during this period.

The Annual Report will also be forwarded to CoGTA, Provincial Treasury and the Auditor General during the period for their comments.

An Oversight Meeting will be called in early March to consider any comments that may be received. Noted that all comments received will be analyzed by the Oversight Committee and the nature of the comment will determine whether they can be accommodated in the Annual Report or not.

For Compliance, the Oversight Committee will present an Oversight Report to Council Meeting on 26 March 2014 for adoption

Committee stressed that they receive the report in good time prior to the next Oversight Meeting.

6. CLOSURE

There being no further business to discuss, the Chairman thanked all for their attendance and closed the meeting at 11:05

COUNCILLOR MN MAPHUMULO
CHAIRPERSON

ACRONYMS AND ABBREVIATIONS

AC Audit Committee
AG(SA) Auditor General of South Africa
AIDS Acquired Immune Deficiency Syndrome
ANC African National Congress
BBBEE Broad-Based Black Economic Empowerment
CAO Chief Accounting Officer
CBD Central Business District
CD Community Development CFO Chief Financial Officer
Cllr Councillor
CoGTA Department of Co-operative Governance and Traditional Affairs
DA Democratic Alliance
DEDT Department of Economic Development and Tourism DFA Development Facilitation Act DM District Municipality
DoH Department of Health
DoL Department of Labour
DWAF Department of Water Affairs and Forestry
EE Employment Equity
EXCO Executive Committee

F&A Finance and Administration Committee
FBS Free Basic Services
FY Financial Year
GAMAP Generally Accepted Municipal Accounting Practices
GM General Manager
GM Comm General Manager Community Services
GMCS General Manager Corporate Services
GMFS General Manager Financial Services
GMTS General Manager Technical Services
GRAP Generally Recognised Accounting Practices
HH Households
HIV Human Immune Virus HoD Head of Department HR Human Resources
HS Human Settlements
IDP Integrated Development Plan
ISRDP Integrated Sustainable Rural Development. Programme
IFP Inkatha Freedom Party
IGR InterGovernmental Relations
IT Information Technology KPA Key Performance Area KWANALOGA KwaZulu Natal Local Government Association
KZN KwaZulu-Natal
LED Local Economic Development
LM Local Municipality
LUMS Land Use management System
M&E Monitoring and evaluation
MF Minority Front
MFMA Municipal Finance Management Act, 2000
MIA Manager Internal Audit ML&E Manager Legal and Estates MM Municipal Manager
MSIG Municipal Systems Improvement Grant
NFP National Freedom Party
NGO Non-Governmental Organisation
OPMS Organizational Performance Management System
PD&I Planning, Development & Infrastructure Committee
PM Performance Management
PMU Project Management Unit
SALGA South Africa Local Government Association

SCM Supply Chain Management
SDBIP Service Delivery, Budget and Implementation Plan
SDF Spatial Development Framework
SEA Strategic Environmental Assessment
Stats SA Statistics SA
SMP&D Senior Manager Planning and Development
WC Ward Committee

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.

ACKNOWLEDGEMENTS

- Produced for Umdoni Municipality by Total Media Solutions (TMS)

- Special thanks to the office of the Auditor General (SA) and the Audit Committee Chairperson for their assistance.

UMDONI MUNICIPALITY

The JEWEL of the South Coast



Cnr Bram Fischer & Williamson Street, Scottburgh • PO Box 19, Scottburgh 4180
Tel: 039 976 1202 • Fax: 039 976 2194 • www.umdoni.gov.za